

OVERSEAS NEWS

Chances of finding live mine dwindle

BY TONY WALKER IN CAIRO

MILITARY EXPERTS in Cairo say the delay in beginning the search for explosive devices in the Gulf of Suez has decreased the chances of discovering an active mine.

It is now more than three weeks since the last reported explosion hit a merchant vessel in the Gulf of Suez on July 28. In the Red Sea, a mine hit a ship as recently as last Wednesday, but Britain and the U.S. are concentrating their mine-hunting efforts in the Gulf of Suez.

after the first explosion hit a Russian ship on July 9 before making a formal request for assistance from Britain, the U.S. and France. Ships from these countries are only now beginning their search for mines.

explosion which opened a 100-metre gash in the Taiwanese tanker Oceanic Energy was internal. Finna Barre reports from Jeddah. The cause of the explosion has not yet been determined. Crew members said a series of explosions occurred after the initial explosion on the morning of August 5. One crewman was lost in the explosion and is presumed dead.

Saudi Arabia plans to expand arms industry

BY KATHY EVANS IN ABU DHABI

SAUDI ARABIA is to expand its arms industries, Prince Sultan bin Abdul Aziz, the kingdom's Defence Minister, has said in an interview with a local military publication.

The plans include expansion of the Saudi naval force. Two modern fleets would be created, one in the Gulf based at the King Abdul Aziz Base in Jubail and one in the Red Sea at the King Faisal Base in Jeddah.

King Fahd is due to inaugurate the Jeddah base today. The expansion plan for the navy predicated the onset of the Iran-Iraq war, emphasised the minister. The developments scheduled for the armed forces is "not a reaction to any particular event or sudden pressure or threat but stems from an independent will based on objective studies," he said.

personal light weapons, self-sufficiency has already been achieved. The kingdom was already manufacturing the G3 rifle and ammunition, he told the King Khalid Military College magazine.

Lee Kuan Yew deputies ask to stand down

By Chris Sherwell in Singapore

SINGAPORE'S two deputy prime ministers have unexpectedly asked to stand down as candidates in the next general election, expected before the end of this year.

Rama Rao to stage Delhi protest

BY K. K. SHARMA IN NEW DELHI

A SHOWDOWN between Prime Minister Indira Gandhi and Mr T. Rama Rao, the dismissed Chief Minister of the south Indian state of Andhra Pradesh, is expected today when the latter is to make an unprecedented airlift of his supporters in the state legislature to New Delhi.

him. They will parade before the President of India, Mr Zail Singh, and claim a head count in support of Mr Rama Rao. If Mr Rama Rao succeeds in his demonstration, he will have proved that his government was toppled by Mrs Gandhi as part of her grand design to replace non-Congress ministries in states opposed to her before national parliamentary elections are held in the next two or three months.

Chief Minister had lost his majority because of defections from his Telegu Desam party, claims that the bulk of his party is intact and that the Governor acted unconstitutionally on instructions from Mrs Gandhi.

Lee Kuan Yew deputies ask to stand down

The two — Mr Goh Keng Swee and Mr Srinathambay Rajaratnam — are regarded as the most powerful and influential men in the island city state after Mr Lee Kuan Yew, the Prime Minister.

Italian trade gap widens

BY ALAN FRIEDMAN IN MILAN

ITALY suffered a trade deficit of L1,109bn (£43bn) in the first six months of 1984, a figure almost equal to the country's trade deficit for the whole of last year.

The trade deficit was L6,731bn in the first half of 1983 and L11,464bn for the full year. The one encouraging piece of news, however, was that Italy's trade deficit in June came to L1,181bn — more than double the deficit of June 1983 but down on the L3,077bn deficit in May.

Israelis close crossing point ISRAELI IS closing the only crossing point between the occupied southern third of Lebanon and the rest of the country for three days, David Lennon reports from Tel Aviv.

UK NEWS

Walesa in talks with other leading dissidents

By Leslie Collett in Gdansk

MR LECH WALESA, a leader of the Solidarity trade union, has started talks with leading dissidents released from jail earlier this month in an amnesty of political prisoners.

NCB confident that more miners will drift back to pits

BY JOHN LLOYD, INDUSTRIAL EDITOR

NATIONAL COAL BOARD (NCB) officials and working miners groups in a number of areas are confident that the steady trickle of miners reporting back to work will increase this week and further threaten the authority of Mr Arthur Scargill, the miners' union leader.

NCB. A number of its members, especially in South Wales, have been angered by threats and abuse from miners when they have crossed picket lines to do safety work.

Unions set for attack on labour legislation

THE GOVERNMENT'S legislation on employment and trade unions, and its attitude towards the labour movement in general, will provide one of the main debates at the Trades Union Congress (TUC) annual meeting which will open early next month in Brighton.

They believe the drift back to work in the dispute's 24th week will be marked in the strikebound coalfields of Scotland and Yorkshire and say there are signs of disaffection in a third militant area, South Wales.

The Scottish area NCB says up to 100 men worked at Bilston Glen last week, though Mr George Bolton, the Scottish NUM vice-president, said last night the figure was no higher than 40.

A series of resolutions from left-led unions harshly criticise the TUC leadership for, in their view, failing to support the NCB picket union in its struggle last year for a closed shop (compulsory union membership) at the Stockport Messenger group of newspapers in the north of England.

Thatcher faces fresh pressure over Belgrano

BY MARGARET VAN HATTEN

THE GOVERNMENT seems certain to come under renewed pressure over the circumstances that led to the sinking of the Argentine cruiser, the Belgrano, during the Falklands war, with the loss of 388 lives.

It is, however, almost certain to be taken up by the all-party House of Commons select committee on foreign affairs when parliament resumes sittings in November.

Overseas visitors spent 15 per cent more than in 1983, but a 2 per cent increase in the number of Britons going abroad and an 11 per cent increase in the amount they spent left the UK with a deficit of £38m on the travel account of the balance of payments.

WORLD TRADE NEWS

Little hope for new gas suppliers

By Ian Hargreaves

WESTERN EUROPE will not need to import gas from Nigeria, Cameroon and Qatar this century, even though demand is expected to increase by 1.5 per cent a year.

Sonatrach stops loan payment

By Francis Ghilès

THE Algerian state oil and gas monopoly, Sonatrach, has suspended repayment of a \$150m loan it received from the Spanish state gas company, Enagas, in 1975.

VCR parts maker may choose UK

BY JUREK MARTIN IN TOKYO

ALPS ELECTRIC, a leading Japanese manufacturer of electronic components, is considering establishing a video cassette recorder (VCR) parts factory in Britain.

Debt burden hits Iranian business

BY TERRY FLOYD

IRAN is still struggling with trade debts of \$8bn and although some diplomats in Tehran say that there has been an easing of the tight import restrictions imposed in February, UK companies dealing with the Islamic republic report that little new business is being done.

French agree oil deal with Iraq

FRANCE'S two major oil companies have renewed an 80,000 barrels a day oil supply contract with Iraq, which expired on June 30 when the two sides failed to agree on terms of renewal, Reuter reports from Paris.

U.S. may seek more bilateral deals to curb steel imports

BY NANCY DUNNE IN WASHINGTON

THE U.S. Commerce Department is strongly pushing a plan which divides the American steel imports market among traditional and new exporters in a series of formal and informal trade arrangements.

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China exports fear over planned textile curbs

AN influential group of Congressmen in Washington have written to President Reagan in protest at his decision to introduce tighter rules on imports of clothes from low-cost suppliers, many in the Far East.

China exports fear over planned textile curbs

Four Republican senators have written urging him to think again and at least another 16 senators have added their names to the letters. Their concern relates to the effect the new rules will have on trade with China, particularly U.S. agricultural exports.

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Republican Senator Steven Symms of Idaho, has pointed out that "at least half a billion dollars' worth of perfectly legitimate textile and apparel products will be permanently embargoed at U.S. ports" if the rules are introduced.

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WORLD ECONOMIC INDICATORS

Table with columns for Industrial Production (1975=100) and Financial Times Reporter. Rows include US, UK, West Germany, Belgium, France, Italy, Netherlands, Japan for years 1984, 1983, and 1982.

SHIPPING REPORT

THE depression in business from the Gulf has hit tanker owners and buyers drawn in by the previous euphoria over soaring rates. There are reports of more than 30 vessels totalling 9m deadweight tons waiting for cargoes and another 23 vessels due this month.

Brokers call for tanker lay-ups

for scrap as the only way to improve the situation. But E. A. Gibson Shipbrokers show how reluctant owners are to take extreme measures, recording only 12m dwt of the world's fleet scrapped this year compared with 20m dwt in the same period of 1983.

Brokers call for tanker lay-ups

Lloyd's Monthly List, on the other hand, reports that 64 tankers have been deleted between March and August 1, leaving 54m dwt, over 80 per cent of which are more than 200,000 dwt. The overall reduction is of 200 vessels down to 67m dwt.

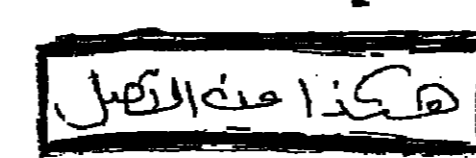
Brokers call for tanker lay-ups

In period business, the state of the market for ultra-large carriers was indicated by Galbraith's through a 350,000 dwt vessel agreeing storage at \$10,000 (£7,575) a day. This was half the going rate of a month ago.

Brokers call for tanker lay-ups

Senator Symms said that as a consequence of the 1983 dispute over a textile treaty

Source (except U.S., U.K., Japan) Eurostat



MANAGEMENT

Arab corporate style

A tight hold on the reins

MOST top managers of western companies try to delegate day-to-day detail. In the Arab world it has always been the reverse: in many companies the top man not only tends to initiate all new projects, authorize all expenditure and sign all cheques, he has every minor decision referred to him.

MOHAMMAD HINDI, general manager of Ahmed Hamad Algosabi and Brothers, was interviewed three times during an interview with me for this book. First a rather nervous Indian mechanic came in to be interviewed about a job in the company's garage. Fifteen minutes later the conversation was broken off for half an hour when a New York carpet salesman arrived to make a pitch for having their carpets fitted in the Algosabi Hotel, which was then undergoing one of its periodic refurbishments.

Borrowing shameful

Sometimes managers will be given the funds they need for several different purposes, such as salaries, rents and materials, which means that when they go to the bank and ask their bank manager for a loan, they will find themselves with hundreds of thousands of dollars in their possession. Occasionally, the pool from which all the cash is drawn will run dry for a week or so. Then salaries cannot be paid and stocks are run down.

The obvious solution to these problems, apart from permitting separate departmental bank accounts, would be for the merchants to arrange overdraft facilities and ask their bank managers for these to be increased as and when required, but the conventional merchant companies have traditionally been rather cautious in borrowing money. There is still a feeling among the older and middle-aged generations of merchants that borrowing is slightly shameful. The Jeddah firm of Hajj Hussein Alireza, the world's biggest importer of Mazda cars, does not borrow from the banks at all.

Since the mid-1970s the merchants have been under slowly increasing pressure to change the way they run their businesses. As the boom years have passed, the growth rates of all parts of the Arabian market have slackened.

In the most modern-minded companies owners and managers are for the first time trying to work out serious strategies for their companies' development over five or 10

of Arabia," published by John Murray, Michael Field examines the origins of this practice, the reasons why it still persists widely in the face of growing pressures to professionalise management structures, and the implications for westerners doing business with such organisations. The article below is extracted from his chapter on The Family Corporation.

Only a few families have resolutely and definitely crossed the watershed. Every one of them has incurred large extra costs and a drop in profits.

The second problem concerns the recruitment of managers and the amount of authority they have to be given. Managers who are both technically sophisticated and able to work in an Arabian environment are not easy to find. The Indian clerks who make up much of the middle management of the traditional merchant houses cannot cope with the complexities or responsibilities of the new system.

The ideal employees are Egyptian, Palestinian, or even better, Arabian graduates. These men may be educated in the West but are still able to work naturally with fellow Arabians. They find it easier than Westerners to think of themselves as part of the family of their employer; they are also far better at dealing with rows and tensions among their junior Arab staff.

Common complaint

Several companies are now making great efforts to recruit Arab graduates. Alghanim has called its scheme a College Management Development Programme. Apart from simply trying to encourage Arabs who have already graduated to join the firm, it undertakes every year to finance 10 non-Kuwaiti Arabs at American universities.

The most common complaint of both the new recruits and the rest of the management of the trans-watershed companies is that the owners, having restructured their enterprises to allow decentralised decision-making, do not co-operate with the new system. Some seem subconsciously to see a modern management structure as something which can be bought. They continually check on their managers' decisions, involve themselves in little problems, and overrule their managers if they think they know better.

ISBN 0-7195-4104-2, £16. A previous extract on Marketing in the Middle East, was published on July 12.

Management abstracts

Means of Communication. Which Office System? (UK), April 1984.

Notes that electronic communications systems are developing so fast as to frighten off many potential users, and suggests that they may prefer to adopt more conservative methods; describes the use of telex in UK and Europe and discusses the impact of facsimile transmission with a list of suppliers.

Computer Graphics for Financial Management. E. A. Benson in Management Accounting (USA), January 1984.

Suggests that graphics have become an essential medium for the dissemination of financial information and relates the experience of Johnson & Johnson (pharmaceuticals) in choosing and using graphics equipment. Admits that the costs may be high but the aid to good decision-making immeasurable.

Power and organisation life cycles. H. Mintzberg in the Academy of Management Review (U.S.), April 1984.

Explores theories and models of how organisations develop and survive, indicating that, over time, power systems tend to become more complex, diffuse and ambiguous. Suggests that many large organisations are sustained by artificial or political means which monopolise the resources needed to create new and more dynamic bodies, able to respond more readily to contemporary society.

The influence of the physical environment in offices. T. R. V. Davis in the Academy of Management Review (U.S.), April 1984.

Examines the influences which build the furniture (physical structure), incoming mail, telephone calls, tobacco smoke (physical stimuli), and office design, colour, and types of furniture (symbolic artifacts) have on behaviour at work. Argues that, although views about the physical environment within offices are widely shared and discussed, they do not receive the management attention they deserve.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £3 each (including VAT and p+p; cash with order) from Anbar, PO Box 22, Wembley HA9 8DQ.

Graduates who play hard to get can be put off by old boy network

BY ANNA HEALY FENTON

A LEADING British merchant bank offered jobs to seven Oxford graduates this year. Six of them turned it down. It was astonished.

So much for the theory that, with unemployment so high, the employer has an unrestricted choice of new staff.

On the evidence of this year's Oxford "milkround," as the annual graduate recruitment drive is known, not even merchant banks and stockbrokers— which once had the pick of the crop—can rely on attracting what they would consider to be the best candidates. The 1984 set of graduates has been more attracted by management consultancy, American banking and the Civil Service.

The reasons why undergraduates accept or reject jobs are

'The City is changing but it is still a club'

legion. Money has something to do with it. This year management consultants begin on approximately £11,500, merchant bankers on about £7,500 and accountants at around £5,500. As one graduate put it: "As a management consultant I feel I will be paid what I'm worth."

But some employers may over-estimate the greed of graduates. One management consultant offered several candidates £1,000 in advance on salary for "moving expenses." It gave another an "exploding offer" and told him to name his price. Such tactics sometimes succeed but they often backfire. One candidate said: "Once I knew they wanted me that badly it was no challenge."

Many people were put off applying to stockbrokers and merchant banks by their reputation for employing public school people. "I wanted to be employed on merit, not on whom I know. At one merchant bank interviewers were giving masonic handshakes. The interview had nothing to do with banking; they were just assessing whether you fit in socially."

Stonians have the best chance; they know the rules. You may have a good CV but if you went to the wrong school, forget it," one graduate complained.

Not every old-Etonian appreciates such preferment. One had offers from merchant banks but was put off by the old boy network. "I prefer to work in a meritocracy," he said.

"The City is changing," said one graduate who is going to be a stockbroker, "but it is still a club. Contacts and the right background are important. I was asked by merchant banks who my friends were and what I thought of the other applicants. A lot of institutions will have to change their image or the American banks will leave them behind."

Many graduates stressed the importance of a formal training such as that provided by American banks and management consultants, which could lead to a further qualification. On-the-job training given by merchant banks and stockbrokers was not considered to be sufficient.

One graduate who opted for management consultancy explained: "I want to keep my options open. Where I am going I will get a chance to do an MBA and work anywhere in the world, in any business."

Often the reasons for turning down a job offer were specific, and related more to the individual employer than the money, the training, or the job itself. The image and style of the firm were very important.

Some firms, especially Warburgs and Samuel Montagu, held impressive presentations and sent senior employees who spoke enthusiastically and interestingly about their jobs. Others, however, had made little effort.

First impressions acquired at the presentation rarely proved to be wrong. The American banks were pushy and many had

an aggressive interviewing style; one girl was accused of being a "lying little toad."

"The atmosphere in the office and the people you have to work with are very important," said one candidate. "Two merchant banks refused to show me around the offices for 'security reasons.' What's the point of that? I couldn't even see where I would be working."

Another cause for complaint was the reluctance of some firms to pay expenses. Since second interviews in London involve a day away from Oxford, people expected to be reimbursed.

Many employers were generous, taking short-listed candidates out for expensive meals. One graduate confessed: "Once it had reached the stage

'Civil Service application was most challenging'

of me interviewing them because I knew they wanted me badly, I enjoyed myself. I knew I was not going to accept the offer. I played them along for the free meals."

Among the most sought after candidates, such confidence was common. One who turned down many offers in favour of the Civil Service commented: "I had so many offers and was fed up with soul-searching phone calls demanding to know why I had rejected them. In the end I took the Civil Service because its difficult application procedure was the most challenging and therefore the most prestigious."

One graduate who chose merchant banking summed up: "I liked the people I already knew there, I liked the people I had to work with and I respected the people I would have to work under. I liked the office and the atmosphere. Everything else was secondary."

A conclusion reached by many people was that financial institutions recruit in their own image. As someone put it: "They get the people they deserve, though not always the best."

TECHNOLOGY

BURMAH CASTROL CLAIMS LEADERSHIP IN UNIVERSAL LUBRICANTS

Oil that reaches all vehicle parts

BY ALAN CANE

THE DEVELOPMENT of multi-grade motor oils has been the anxiety out of engine lubrication for the ordinary motorist. Now Burmah Castrol reckons to have solved the same problem for the construction industry.

It claims to be the leader in the development of multifunctional oils for off-highway plants, oils which can be used not only to lubricate engines and transmissions of the kind of machinery used in excavation and construction but also hydraulic systems and portable rotary compressors.

To be fair, other major oil companies think that Burmah Castrol has made as much of a marketing as a technological breakthrough, but those opinions cut little ice with Mr Michael Wright, Burmah Castrol's technical manager. "As motorists," he believes we are the only major oil company in the world to have done this."

Now Burmah is the largest independent lubricants marketing organisation in the world, the company which coined the phrase "Liquid Engineering" to promote its GTX retail motor oil, but its claims for its multifunctional oil, Multiplant, are backed up by more than three years of practical experience.



More than three years' testing has gone into the development of Multiplant—an engine lubricant for all types of vehicles used on construction and excavation sites

'With one basic oil there is no question of using the wrong one.'

Sir Robert McA Alpine and Sons, for example, has used Multiplant throughout the company for two years; its chief mechanical engineer Mr Eric Mabbs said: "The great advances that have been made in recent years in lubrication technology coupled with the extensive trials that Castrol itself carried out, gave us sufficient confidence to go ahead with Multiplant as a universal oil with many potential, practical and financial savings."

What McA Alpine was getting, however, was not primarily better performance from his lubricant; it was getting peace of mind.

Mr Wright says: "The one thing the plant people would like to have is the site as free

from accidental damage as possible."

In 1977, for example, McA Alpine was using about 24 different blends of oil in its earth moving equipment—special hydraulic oils, crankcase oils, transmission oils and gear oils.

By 1983 it was using only one—Multiplant—together with a number of specialist oils. Multiplant is not recommended for two stroke petrol and Detroit Diesel units, for example.

Mr Mabbs comments: "With one basic oil, there is no question of using the wrong one, the administrative and site storage problems have been eased dramatically and the right oil is always to hand. That must make the maintenance of plant in the field that much easier and more certain."

The layman, however, used to topping up with GTX or another competitive multigrade oil at his local garage, must wonder what all the fuss is about. Why should the development of a multigrade oil for off-highway plant be considered a techno-

logical breakthrough?

The answer lies in the breadth of capabilities built into Multiplant.

To operate successfully in the hot interior of a compressor, it must resist oxidation. To perform safely in a hydraulic system it must resist foaming and to function effectively in a transmission it must have a high load carrying capacity.

So Burmah Castrol needed three attributes to start the search for its multifunctional oil: nerve, technology and the manufacturing ability.

Mr Wright argues that the company has an unusually close relationship with its customers which gave it the confidence to start the three year research programme which led to Multiplant. "We have good feedback and we know what our customers actually want."

Technologically the oil is very complex. The base stock is a 10w30 mineral-based oil with a viscosity index improver and a range of special additives. Mr Wright is understandably reluctant to say exactly what these additives are but agrees

that several are novel. Conventionally, an oil-maker would add polymethacrylate as a viscosity index improver, zinc alkyl-dithiophosphates to improve load-carrying capacity and reduce oxidation, together with succinimides to prevent agglomeration of wear debris and metal phenates or sulphonates to keep the engine clean.

Silicone is added to cut foaming and polymethacrylates are added to keep the oil flowing when cold.

Just which additives Burmah Castrol is using and how it is blending them into the base stock is all part of the alchemy of the oil business. But Mr Wright rejects the idea that it develops new oils in any haphazard fashion: "First, we design the shape of the oil, then we build in the chosen performance. In the case of Multiplant, it was important to ensure that no single component in the oil derailed any other component."

Multiplant is more expensive than the dedicated oils it replaces, but site operators like McA Alpine reckon it is worth it in terms of peace of mind.

MOBILE RADIO

Personal way with communications

BY GEOFFREY CHARLISH

MR ALEX POLIAKOFF, president of Multitone, Britain's leading manufacturer of radio paging equipment, thinks there is growing public confusion about personal communications following the introduction of cordless telephones and the announcement of a cellular radio, due to start next year.

The cordless telephone, which can be bought in shops, is a portable on-site radio extension of the fixed telephone with a range of perhaps 100 metres. Phone calls can be made from the pool-side or somewhere down the garden, but that is the limit.

Cellular radio on the other hand, is a nationwide system in which anyone in a vehicle or on foot, with a suitable transmitter/receiver can dial into the wired public telephone network and receive calls from it, regardless of location.

Paging, the forte of Mr Poliakoff's company, is still basically a means of telling people, via a series of "beeps" perhaps with a visual display, that they must carry out a specific action, such as phoning the office. The BT paging service now covers all but a few areas of the UK.

Alex Poliakoff thinks some strange ideas are being promoted about some of the products. For example, the idea that the ordinary wired telephone instrument will disappear in favour of the cordless instrument is, he claims, "pure fantasy."

Because radio equipment is involved says Poliakoff, cordless phones will always cost more than their wired counterparts. He points out that most business conversations are quite long, so that a battery of the size likely to be found in portable equipment will go flat too quickly, resulting in repetitive and irritating battery charging.

The alternative is larger batteries resulting in even bulkier equipment (the objects that current portable radios are not, as often claimed, "pocketable"). Any reduction of power output to cut consumption and battery

size simply reduces the range (claims for which have also been exaggerated).

He thinks users should be careful to distinguish between on-site and general public communications. Public cellular radio hand portables need one wait to communicate with the cell centre reliably. However, a radio pager with talkback can do it with 10 milliwatts (thousandths of a watt). This permits small batteries that will last a reasonable time, in a truly pocketable pager.

Not unreasonably, Multitone, at present in a somewhat defensive mood, is pushing for a future that will contain an acceptable number of radio pagers.

The trouble with pagers at the moment is that the user has limited talkback facilities. At Gatwick Airport for example, a user who is "beeped" can talk back to "base" but cannot initiate a call from his instrument direct.

What Mr Poliakoff wants is an allocation of frequencies, probably from Band 1 (41 to 45 MHz) to allow pagers to have push-button dialling pads. Then, a wearer can dial from anywhere on site, via the PARX to get virtually any telephone number in the world.

The pager need have only low transmitter power since it will never be very far away from a base receiver, a number of which can be distributed round the site.

A good standard of service could be achieved with six channels says Mr Poliakoff, if one takes the typical PARX with 2,000 extensions, 200 of which are equipped with pagers. He says the UK radio regulatory authority (in the Department of Industry) is "sympathetic" to the idea.

Curiously enough, the Multitone president thinks that both cordless phones and cellular radio will produce a lull in the paging industry. Someone who has relatively expensive cellular radio in his car will not want to be kept waiting while the person he is trying to phone is tracked down within an organisation by the PARX operator. Paging remains the low cost answer to that.

Semiconductors

Japanese strides

FRESH warnings that the Japanese could be taking an untouchable lead in semiconductor packaging technology have come from EPA, a consultancy which was one of the first to point to the problems and potential of the "fourth electronic revolution."

Dr Maurice Sage, its managing director, points out: "In liquid crystal displays, which is expected to be the major display technology in portable computers, complex drive circuits are required."

"Utilising 100 pin plastic packages, advanced printed circuit boards and connector technology now gives the Japanese an enormous world advantage in this important product area."

The crucial point is that in many electronic devices, the way the silicon chips are packaged, that is, attached to all the other parts of the device, is the factor which determines its limits performance, cost and reliability.

Conventionally, the slivers of silicon which constitute micro-processor and memory chips have been embedded in ceramic or plastic cases equipped with metal legs. These legs form electrical connections between the terminals on the chip and holes in the printed circuit board on which the chip is mounted.

Now designers are moving to surface mounting technology which reduces board size and helps to cut prices.

Electronics components in the future will have to handle higher speeds, tougher thermal requirements, higher input/output pin counts, reduced interconnect and package geometries and new component formats.

Dr Sage says: "With growing heat problems, increased electrical performance requirements and lack of standardisation, a more integrated design approach between the chip, its package, the substrate, connector and other components is required."

"No longer," he went on, "can the designer regard these simple extras."

"The West—and particularly Europe—has not yet made this major move towards designing on silicon largely due to lack of integrated circuit packages and associated components though many would say it is due to lack of innovative drive."

Norwest Holst
Management contractors for the construction of the
International Garden Festival

Telecoms

Credit checking

IN FRANCE, Intelsatfrance, the marketing agency for telecommunications products, has announced a round-the-clock, on-line credit checking and loan approval service based on Teletel, the French cable-based videotex (view-data) service.

Using a Minitel terminal, the low-cost unit now widely applied in France, retailers can check an applicant's credit rating, calculate monthly repayments and interest, and issue a loan contract in less than five minutes.

The service has already been installed in more than 2,000 shops throughout France by Catelem, a subsidiary of the Compagnie Bancaire group.

The service has Frimes 750 minicomputers at the centre, accessed by the Minitel via the Primenet and Transpac packet switching networks.

Corrosion

Offshore protection

THE PROBLEMS of corrosion of offshore oil and gas installations and the methods of protection are to be discussed at a one day symposium at Lancaster University on September 20.

It is aimed at equipment manufacturers and engineers involved in the industry as well as users who have to operate and maintain offshore equipment. Further details from Norwest Offshore Expo Symposium on 0772 729788.

THE ARTS

National Portrait Gallery

Gillian Darley

Contemporary images

For a painter much given to self-portraiture, William Roberts seems to have had a curious little contact with himself as sitter. If that should sound a contradiction in terms, his self-portraits are a contradiction in themselves. In numerous images of himself, from the 1920s until the 1970s, he never quite meets his own eye—an odd state of affairs—and finds himself hardly changed. In fact, if it were not for a slight furrowing of the brow, and the donning of various hats, together with a purpling of face and silvering of hair—they could be painted over weeks rather than decades. In *William Roberts: an Artist and his Family*, a small exhibition at the National Portrait Gallery, until October 7, this unblinking gaze puts a disconcerting, almost glacial, end to any potential meeting between painter and onlooker.

That is not at all the case in the portraits of his wife—or with the two double portraits. These are still deeply private, but they do not exclude the rest of us entirely. Here beauty, resilience and a tangible force of character spring out of the same dry technique; it is the approach that has changed. These are portraits of a lover, whether in the 20s or in the 70s, it makes no difference. It is odd, and revealing, to see Roberts isolated as a portrait painter. My ancient Penguin edition of Orwell's 1984 (price 3/6d) has for the cover image, a turbulent, mechanistic crowd of the type of figure compositions that Roberts was best known for. They, like those frozen self-portraits, are forbidding—and concur with the withdrawn man of later years.



William Roberts' self-portrait with his wife (above) and a detail from Suzi Mallin's study of Elton John

Those immensely warm portraits of his wife (as well as some rather stern ones of his only son) are a glimpse of Roberts which he rarely allowed others to have. After the Second World War, this man who had been within both the Omega studio (Roger Fry's circle) and then with the Vorticists and Wyndham Lewis, never wavered from his chosen and very individualistic direction. Until his death in 1980 he was the subject of much curiosity, but rarely seen or spoken to. There is no glitter in Roberts' eye; this is an exhibition of a family intensely apart—and very intimate for that.

It is curiosity, rather than the search for art, that takes one into the new 20th century gallery at the National Portrait Gallery. Until 1969 the Trustees banned the acquisition of portraits of living sitters—remaining content with the National Photographic Record, which had been set up in 1917. From 1980 money was made available for the commissioning of portraits whose eminence was beyond any reasonable doubt. Now the Gallery has opened a contemporary gallery, which includes the results of that change of policy.

It is a case of a gallon into a pint pot; the designers have struggled with an awkward and confined space, which seems to have been made more awkward still in the process, and fitted a vast number of images into it. This means that many of the best portraits—and this in terms of the portrayal of the character, rather than the quality of significance of the work—are skied up with small groupings, displayed in cabinets below.

The excess of material over space has been so great that these have been motorised; they swivel round, to the accompaniment of the lights switching on and off, and the effect is maddening. Just as you arrive, or more likely, the people in front blocking your view, move away, the wretched thing whips or wards and you have to wait three more turns. It is gallery-going played as snakes and ladders.

These are official views of eminent people—one man or woman, one image—and it would be enlightening to be told who commissioned the image (photograph, painting, drawing, sculpture) in question. Did Field Marshal Montgomery choose to be glorified into a sort of David Niven figure or Earl Mountbatten have any hand in the portrayal of himself as a head, seven feet or more high? The choice of artist implies, within a degree of latitude, the likely approach.

Of course, some portraits here arrived by quite another route. The Bloomsbury Group spent much time gazing at one another and so their portraits tend to follow a circle, everyone who could painting everyone else. Then there are intimate images; Edwin Lutyens, caught out to dinner in a food study by his son Robert; or the pair of Barbara Hepworth and Ben Nicholson—then man and wife—by Nicholson. I wonder what the tourists make of it all?

And what of recent few years. Bryan Organ is front-runner in terms of quantity. There are hundreds of those dry, meticulous portraits—with the subject almost always slumped down at the bottom of the frame. It is all very polite and rather cold-blooded; a bit too British. I would rather have the uproar of a Ruskin Spear, Harold Wilson emerging through pipesmoke, or a revolting image of Elton John against a gilded background, a repellent combination of ostrich feathers and chest hair, by Suzi Mallin—in which you feel at least everybody concerned was having a good time.

It is nice to think of the painter and subject talking earnestly—that sittings should be convivial events. The lack of contact between Roberts the man and artist is one thing, a study to his personal personality in those art portraits in the Twentieth-Century Galleries is it a disturbing lack. Is it because film and photography now give us our famous men and women alive, that their portraits in the conventional sense of the term, seem so dead?

Le nozze di Figaro/Albert Hall

Rodney Milnes

This year's first series at Glyndebourne saw one of the most evenly—and indeed strongly—cast *Figaros* within living memory, and with one exception it was reassembled for the Prom performance last Saturday in a jam-packed and deliciously appreciative Albert Hall. Rightly appreciative, too: the sterling qualities of the staged performances in June were faithfully preserved. The presentation of the best that Britain can offer operationally in, no, not elitist but necessarily exclusive circumstances to an unselective audience is a bright deed in a fairly murky world.

The Prommers enjoyed one significant advantage over Festival visitors, and that was the sight of Bernard Haitink

but affectionately so, never facetiously. Claudio Desderi (his enunciation of his native tongue as ever a miracle of clarity and point) could clown his way through the preparations for Figaro's wedding, but instantly turn the atmosphere to one of lowering menace for "Io non impugno mai," the political climax, if you like, of the opera. Haitink's breakneck speed for "Aprite un po," the personal climax, remains for me the one miscalculation in his reading, but Desderi made this very most of it purely verbally.

Gianna Rolandi's witty, loving, vocally impeccable Susanna is another interpretation in a hundred, strongly projected here. Gabriele Fontana, the second series Countess, phrased

Russia and Hungary/Edinburgh Festival

David Murray

Friday morning at the Queen's Hall was all Russian songs, Friday evening in the Usher Hall all Bartók; the audiences for both were seriously under par. Only a handful of Edinburgh's main musical events have had healthy advance sales. It is a waste.

The morning recital was given by the formidable Russian mezzo Irina Arkhipova, with Craig Sheppard at the piano. Mr Sheppard is becoming indispensable to visiting Russian singers. He was crisp, strong and imaginative with all the accompaniments, and he had the satisfaction of being able to play up full-bloodedly—Miss Arkhipova is never in any danger of being out-gunned. In Mussorgsky and in perverted Rakhmaninov she poured out tremendous tone, rich and laden with character.

This was, however, the Russian equivalent of a proper Lieder recital, not the sort of

potpourri more usually offered by Eastern operatic stars, and Miss Arkhipova displayed a remarkable expressive and executive range. She was cheerfully strict; for Mussorgsky's *Gopak*, delicately muted (a lovely affecting timbre) for her gentler Rakhmaninov and Chalkovsky songs, brought a teasing lilt to the latter's *Pimpinella* serenade, made a succulent meal of a super-swift Glinka patter-song about a steamboat excursion. Her *grande dame* deportment was enlivened by pretty, pointed hand-gestures, and later she allowed herself some frank acting-out, dignified but passionate. A thorough artist, and obviously in happy musical rapport with her partner.

For the first half of the Royal Philharmonic's Bartók concert in the evening, one reflected gloomily that it was perhaps just as well that the house was so under-filled. Walter Weller rushed the orchestra brashly

through the Rumanian Folk Dances without nuances or even a respectable tonal balance, and in the eerie third dance *Pe loc in picolo* made nothing of one of the most rewarding solos in the repertoire. The *Wooden Prince Suite*, well chosen for the programme, sounded sumptuously bland, its sharper points never made astringent enough.

Perhaps the rehearsal time had gone on the one-act opera *Duke Bluebeard's Castle*, for after the interval Weller showed his mettle in a powerful, sweeping, immaculately prepared performance of that great and singular piece. For my taste (and by Bartók's elaborately precise markings) some passages were too rushed to carry their full bleak weight, but for dramatic urgency and fiery conviction the performance could hardly be bettered. I think the Usher Hall has the best orchestral acoustic in the country, and the sound was res-

plendent: like, vital strings, pungent woodwinds, the secret behind each successive Door brilliantly illustrated—and a blaze of brass and organ for the Fifth Door (the vision of Bluebeard's vast kingdom) as thrilling as any I've heard. Bluebeard and his Judith were Dietrich Fischer-Dieskau and his wife Julia Varady: one will be forgiven for remarking that the difference in their ages answers perfectly to the connection of the characters. They sang in Hungarian, for which here there is no substitute, and everyone had free, bilingual complete texts by courtesy of the Glyndebourne Bank. Dieskau was of course magisterial, at once direct and immensely subtle; only the valedictory passage to each of his views was underpowered (too colloquially loose of rhythm). Miss Varady's fascinating soprano both bright and dark, connected the two parts in an ideal Judith, and she used them to most intelligent purpose.

Rattle, NYO/Albert Hall

Dominic Gill

The most exciting National Youth Orchestra concert I can remember, conducted by Pierre Boulez nearly 10 years ago, offered one of the finest performances of Debussy's *La Mer* I have heard from any band, young or old, amateur or professional. Friday's concert, directed by Simon Rattle (an ex-NYO member himself) never reached quite such dazzling heights—but stirred vivid memories of them all the same by the freshness and clarity of its sound, and by that remarkable, almost palpable response which an orchestra of young pre-professionals has to its conductor.

Their account of Debussy's *Jeux* seethed with life—the web of subtle counterpoints (especially the quietest and most commonly hunted) was brilliantly clear, every scene-change incisive. Augmented to 148 players, they also gave the main work of the evening, Mahler's Sixth Symphony, with unusual cogency and ease of ensemble: no departure from the particularly brightly, chiefly because all played so smoothly and well.

Like many conductors Rattle feels the opening *allegro*

energetic of Mahler's Sixth rather fast; too fast, for my taste, to establish its grinding momentum effectively—and too fast certainly, if he had not chosen the un-Mahlerian alternative of placing the third movement *andante* second, to contrast authentically with the scherzo (the symphony's rightful second movement). But the *andante* itself was spun out with great tenderness, and much of the weight of lyrical beauty of the NYO's wind—and even so—psychologically, musically, dramatically—misplaced, the scherzo, like the finale, had splendid momentum, and just the right blend of lyrical beauty with hard-edged precision.

New conductor for Aldeburgh concert

Aldeburgh Foundation has announced that Erich Schmid will conduct the Britten-Pears Orchestra for its concert in Snape Maltings on Sunday, September 23. Originally the conductor had to be Rudolf Schwarz but he has cancelled all engagements since the recent death of his wife.

Heart of Darkness/Latchmere

Martin Hoyle

The table is covered by a fringed cloth of red chenille. Disproportionately tall plants rise from the shallow Wedgwood tray. After the scene-setting prelude in civilisation a shaft of light cuts through the blackness to illumine the suddenly existing presence of darkness as heard over the sound-track. On an aptly clammy evening in Battersea we are plunged into the jungle of Joseph Conrad's novel.

John Tordoff's retelling is a solo performance, not a one-man show. That is, he stays firmly in the character of the narrator-captain, and imitates the others only as the storyteller himself would, rather than trying for a virtuoso multiple characterisation. Props include a lovely model steamboat produced from under the table which makes a clockwork progress towards the river's scarpentine course, chalked on the stage floor. The back of a placard reveals the sketched portrait of the infamous Kurtz, the company employee gone mad on his isolated station upstream, at the totem-like banishes memories of Marlon Brando.

For this is the plot that inspired Coppola's film. Apoc-

American Musicals/Bloomsbury and Richmond

Martin Hoyle

The authors' concern for the right ambience explains why the tiny Orange Tree Theatre, above Richmond pub, is staging the professional London premiere of *Starting Here*, *Starting Now*.

This is an after-dinner, possibly during-dinner, song-cycle from 1977. The successful American team of Richard Maltby (lyrics) and David Shire (music) produce neatly chiselled numbers. In Act I a thin story-line (one man loves two girls) casts wary glances at sexual attitudes: male egocentricity ("We can talk to each other"), sour grump ("I don't remember Christmas—and I don't remember you"), and head-in "I don't believe it" (clerical and Chinese) an upper-crust silly ass Englishman and gilded youth.

The filmsy story practically disappears in Act II, necessitated by such padding as a ship-board evangelical meeting when Ethel Merman's "Blow, Gabriel, blow" must have

crossword marks an attack and gusto that must be seen more of) strikes a wistfully urgent note in the archetypal wallflower's "I'm a girl you should know."

Steve Whitley's direction avoids the ferociously ingratiating twopenny of the Side by Side format suggested by the plotless second half; and the performers' smiles glaze over only at an ill-advised stab at tap.

They could take a tip from the Cambridge Independent Theatre production of *Anything Goes* at the Bloomsbury. The Woodhouse-Galton book for Cole Porter's 1934 show recalls their work for Kern in *Oh, Kay!*, recently seen at Chichester. Again a wildly silly plot concerns fugitive gangsters, disguised (clerical and Chinese) an upper-crust silly ass Englishman and gilded youth.

literally rocked the boat (here a luxury liner). Her part is taken by Teddie Thompson who looks like Meryl Streep over-dosed on carbohydrates. If lacking the baritone confidence of the great original, Miss Thompson musters up the smoky timbre for a memorable "I get a kick out of you" (slow arrangement, sinuously rhythmic accompaniment). Other goodies include "You're the top," the interpolated "Night and Day" and "It's delightful, it's delicious, it's delovely."

The young players, most at the beginning of their careers, some still students, boast a leading man (Steve Barlow) with the blend of comic energy and dancing ability ideal for musical comedy juve leads. As a gangster's moll with the gravel-voiced accents of Jimmy Durante, Flaminia Cinque strides sturdily around at an angle of 45 degrees, hitting exactly the right comic notes. Above all, Jenny Arnold's meticulously drilled choreography for the set-pieces is as exuberant as anything in Chichester's Kern production, and rather more stylish.



Patrice Cox in "Anything Goes."

Barclays Bank Interest Rates.

BASE RATE
Barclays Bank PLC and Barclays Bank International Limited announce that with effect from the close of business on 20th August 1984, their Base Rate will be decreased from 11% to 10½%. This new rate also applies to Barclays Bank Trust Company Limited.

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STATE OF MICHIGAN
IN THE CIRCUIT COURT FOR THE COUNTY OF WAYNE

In Re The Petition of Civil Action No. 83-328156 CZ
COMERICA INCORPORATED vs. Hon. Harry J. Dingemans, Jr.
a Delaware corporation

NOTICE OF PROCEEDING TO QUIET TITLE AND FOR DECLARATORY RELIEF RELATING TO CERTAIN SHARES OF BANK OF THE COMMONWEALTH

On September 30, 1983, Comeria Incorporated ("Comeria"), a Delaware corporation, purchased certain shares of the common stock of the Bank of the Commonwealth, a Michigan corporation. Original Certificates numbers 75078, 75260, 75262, and 75389 representing the purchased shares of Bank of the Commonwealth common stock (the "Original Certificates") were carried to be lost or destroyed subsequent to April 4, 1977. Replacement certificates were issued on December 21, 1981 for the Original Certificates and following purchase were registered in the name of Comeria. Comeria has commenced a civil action in the Wayne Circuit Court, Detroit, Michigan, United States of America (Case Number 83-328156 CZ) seeking quiet title, declaratory and other related relief, including judicial confirmation as to the loss, destruction and cancellation of the Original Certificates and a declaration that the subject shares are evidenced solely and exclusively by the replacement certificates (the "Action").

The foregoing is a summary of the Action and reference is made to the files and records of the Court for a complete description of the Action and its status. Interested parties may examine all documents filed in the Action at the offices of Comeria, Corporate Development Department, Floor, 211 West Fort Street, Detroit, Michigan 48226, United States of America.

Persons who claim any ownership interest in the Original Certificates or who claim to be interested parties with respect to the Original Certificates and who wish to assert and prove such interest, may file in the Action a sworn Claim of Interest (the "Claim") setting forth the full caption of the claim, the name of the claimant, the name of the person asserting the interest, a description of the interest, the date on which the interest was acquired and the consideration paid, if any, and attaching copies of all documents evidencing the alleged interest. Supporting affidavits of the claimant and the person asserting the interest must be filed with the Claim. The Claim and Supporting Documentation must be filed with the Clerk of the Court, Wayne County Circuit Court, 201 City-County Building, Detroit, Michigan 48226, United States of America. A copy of the Claim and Supporting Documentation must be served upon Comeria, Inc., at the address listed above.

Any Claim and Supporting Documentation must be filed on or before December 14, 1984 or be considered by the Court. Persons not filing a Claim or otherwise asserting an interest in the Original Certificates on or before December 14, 1984 will be barred from subsequently asserting such interest.

By Order of the Circuit Court for the County of Wayne,
Detroit, Michigan, United States of America
The Honourable Harry J. Dingemans, Jr. presiding

Dated: March 30, 1984

Arts Guide

- Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.
- LONDON**
Moscow Virtuosi: Bach, Shostakovich and Tchaikovsky. Queen Elizabeth Hall (Mon), (9283181).
Liszt and Eddward Harry and Jennifer Smith, soprano, Gerhard, Hugh Wood and Schönborg. Royal Albert Hall (Mon), (5894949).
BBC Sings directed by John Poole with the Arditti String Quartet. Britten, György Kurtág, Bartók, Ligeti and Bax. St Luke's Church, Chelsea. (Mon 9.45pm).
BBC Scottish Symphony Orchestra conducted by Jeremy Malskyntak with Neil Mackie, tenor, and Robert Cohen, cello. Strozzi, Schubert, Thomas Wilson and Mozart. Royal Albert Hall (Tue).
BBC Scottish Symphony Orchestra conducted by Jeremy Malskyntak with Thomas Vassary, piano, Hayden, Beethoven, Peter Maxwell Davies and Rimsky-Korsakov. Royal Albert Hall (Wed).
- TOKYO**
New York Philharmonic Orchestra conducted by Zubin Mehta in their first visit to Japan. Brahms, Bach, Leonard Bernstein and others. Kant Soken Hall (Mon), Bodokon (Wed), (4978155/8151).
- VIENNA**
Robert Lehmann (organ) plays Bach, Mendelssohn and Schumann. The Basilika Maria Theresia. Jodok-Fink-Platz. (Mon).
The Musicians' Orchestra conducted by Alfred Eshner, performs Haydn, Kodaly and Beethoven at the City Hall Arcade Court (Tue), (42800/2085).
- SALZBURG FESTIVAL**
Dietrich Fischer-Dieskau with Hartmut Holl (piano), Lieder by Richard Strauss in the Small Festival Hall (Wed).
- MADRID**
Mauricio Pollán (piano). Schubert and Beethoven in the Larga Festival Hall (Mon).
- PARIS**
The Young Artists Ensemble, Daniel Mouton, Schubert, Debussy and Hindemith. Mousquetaire (Thu).
- Australian Youth Orchestra** conducted by Ronald Zollman, Jean-Claude Malgoure, Oboe: Benoit, R. Strauss, Shostakovich (Mon 8.30pm). Asses Law Faculty, 23 Rue Sévigné, Metro Saint-Paul.
- MARCO HORVAT**. Lute, Guillaume Laurent, soprano. Courty melodies, Cocchi, Kapberger, Frescobaldi, Gerolamo (Wed 8.30pm). Musée Carnavalet, 23 Rue Sévigné, Metro Saint-Paul.
- Quintet Jean Sibelin**, Pascal Devoyon, piano; Hayden, Beethoven (Thu 8.30pm). Town Hall of the 8th Arrondissement, all the above are part of the Paris Festival. Exhibit (549) 1483 Tue to Sat 10am-6pm or 2252255 Mon to Sat 11am-5pm for information and bookings.

Hongkong Bank

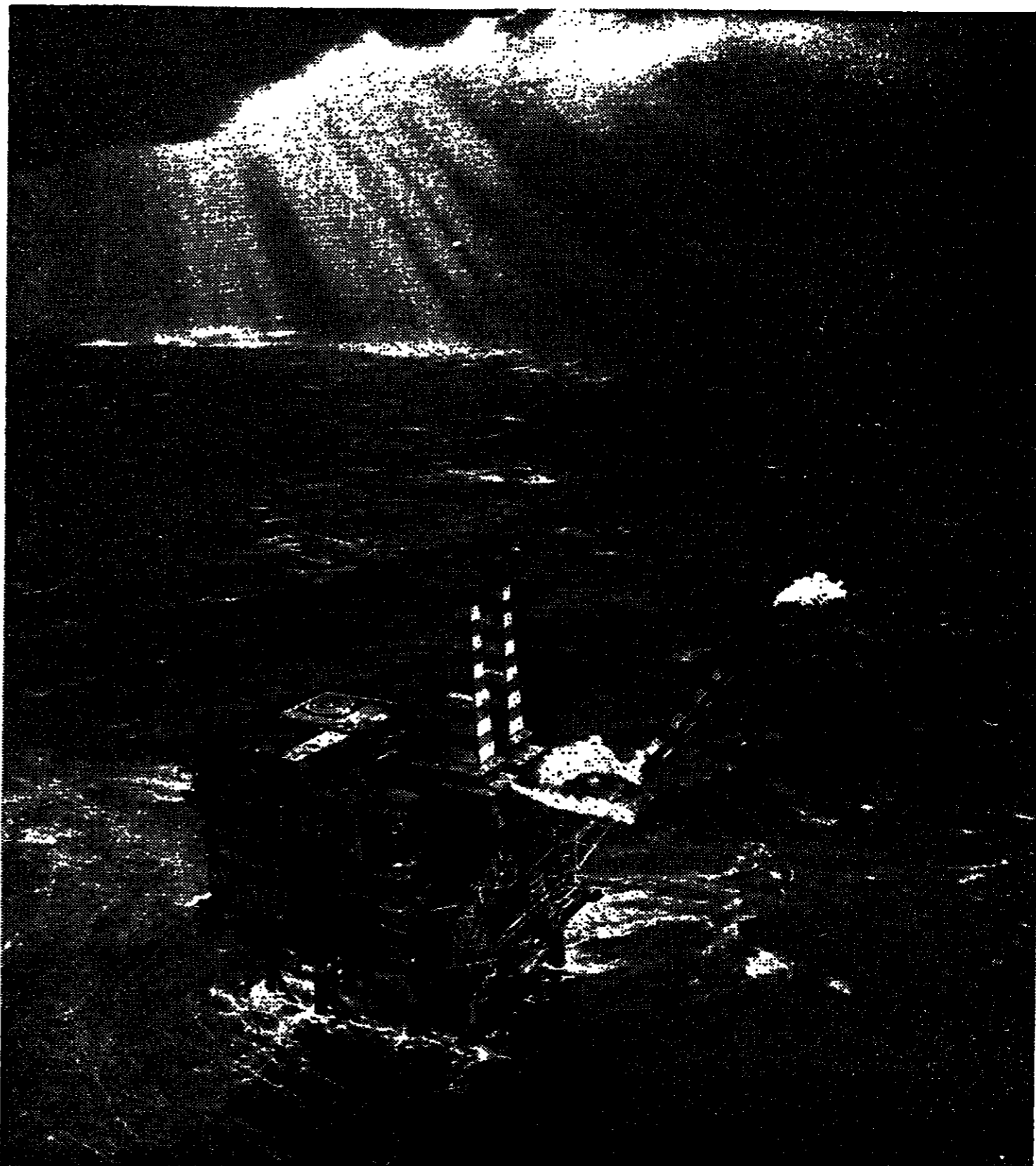
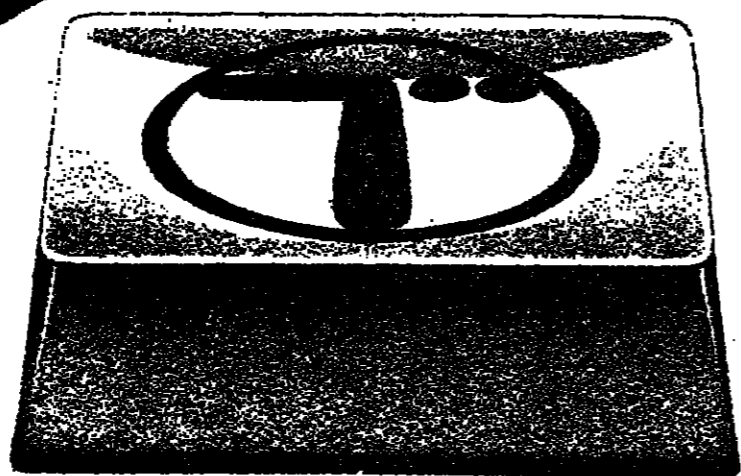
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Monday August 20 1984

Ireland on the mind

MR JAMES PRIOR's premature announcement of his departure as Secretary of State for Northern Ireland, as well as the highly-publicised violence in Ulster last week, may have had one salutary effect. Interest in the Irish question is now sharper and more widely spread than it has been for some considerable time and is likely to remain so. There is speculation about Mr Prior's successor, whose name Mrs Thatcher must be pondering during her holiday in Switzerland. She and Dr Garret FitzGerald, the Irish Prime Minister, are due to hold a summit meeting in the autumn and, not least, Ireland is the current holder of the Presidency of the European Community.

There are some general conclusions that might be drawn. Ulster is one part of western Europe to continue to undergo such a long and arduous process. Germany may have had its Boeder-Meinhof, Italy its Red Brigades and Spain has problems with Basque separatists but nothing compares to Ulster. The political process is long and arduous, ready to turn their guns on what they consider to be the bourgeois democracy of the south. That jeopardises the Irish economy and it undermines Irish politics.

Reconciliation
It follows from that Britain and the Republic have the greatest common interest in finding a solution. It does not follow, however, that the solution is to be found in Irish unification, or at least for the remotely foreseeable future. For the fundamental point is that there can be no unification until there has been some reconciliation between the communities in the north. Without something approaching peace in Ulster, there will be no interest in unification.

Sudan: the need for tolerance

SUDAN is a tragedy in the making. The country that made such a remarkable recovery from a civil war which appears to have a million lives appears to be coming perilously close to a conflict that will once again divide Africa's largest—and potentially one of its richest—states.

The irony is that the person responsible, President Jafar Nimeiri, is the same man who played a key role in the Addis Ababa peace conference in 1972 which ended 17 years of fighting. The formula which then emerged, which accommodated the Muslim, Arabic-speaking northern two-thirds of the country and the partly Christian south. The constitution enshrined religious tolerance and granted the south a degree of autonomy.

Over the past 15 months, Mr Nimeiri has introduced and overturned these two key principles. In June 1983 he abolished the southern Sudan regional assembly and created three smaller regions in a move which, though welcomed by some, was seen by most southerners as an attempt to divide and rule, and to erode the south's power.

It was a move which fuelled the grievances of the two rebel movements already active in the south, but worse was to come. In a major shift towards Islamic fundamentalism last September, the President introduced Sharia law, with its penalties of amputation for theft and stoning for adultery. Originally supposed to be limited in application to the Moslem north, there is concern that it is beginning to apply elsewhere in the country.

Islamic
Southern antagonism was further aroused by Mr Nimeiri's efforts to introduce Islamic provisions into the constitution, including a condition that the country's president should be well-versed in Islam—effectively excluding southerners from that office. Fortunately, the combination of the opposition of southern parliamentarians and some northern abstentionists meant that the amendments did not get the two-thirds support required. All indications, however, are

Anglo-Irish co-operation in security matters. There could be more and it could go wider. For instance, there might be regular consultations between London and Dublin on all issues affecting British policy towards Ulster. That is a proper subject for discussion in the talks between Mrs Thatcher and Dr FitzGerald.

Chance
Yet it is hard to escape the conclusion that the greater onus lies on Britain. The trouble with the British approach to Northern Ireland over the years has been that it has lacked any clear determination to contain the violence. There has been the odd political initiative, only for it to peter out. Ulster has never remained at the top of the political agenda for long. Mrs Thatcher has the chance to raise the sights. She should have nearly four years of office ahead of her: she has a co-operative counterpart in Dr FitzGerald, and interest in the Provisional Sinn Féin and its allies have become more and more a hardline organisation ready to turn their guns on what they consider to be the bourgeois democracy of the south. That jeopardises the Irish economy and it undermines Irish politics.

That can only be done, however, if there is a sustained determination and application in London. There is no hope of a middle ground emerging if change the style of a company where you don't have the opportunity to release people and change a generation.

At the head of the new BP generation are the company's senior managers, many of whose average age is 53 and five of whom joined BP within three years of Sir Peter. Only one is an outsider—Mr Robert Malpas, ex-ICI and responsible for the company's major investment in Rogan, a 58-year-old geologist who doubles as deputy chairman and head of the upstream part of the oil business. The whizzkid is Robert Horton, 45 last weekend, who spent three years in the chemicals business before taking charge of finance and planning. BP these days is all about collective wisdom, "College," Mr Bexon calls it. "Cabinet government," says Mr Horton.

One level below the managing directors are the heads of the various business streams,

BRITISH PETROLEUM has paused to draw breath. After three years of shutting refineries and chemical plants, selling tankers and cutting out dead assets in the company's ill-starred diversification of the late 1970s, the UK's largest company is sniffing for new trails, uncertain which way to go and worried about repeating the mistakes of the past.

At the time Sir Peter Walters, BP's chairman, "is that we have achieved quite substantially earlier than I thought most of the rationalisation of phase one. That's a cause for satisfaction but it does mean there is a hiatus in which we have to bring forward, perhaps by a year or so, plans for phase two that will carry us through a second five-year period."

To be exact, the first five-year phase of the Walters chairman-ship has lasted two years and nine months. It was on November 29, 1981, that the 50-year-old son of a Birmingham policeman took charge of Britain's most aristocratic company.

At the time Sir Peter had just under ten years to retirement: fire to clear the house and five to refurbish it. BP has been housecleaning with a vengeance: in the past three years refinery capacity is down by 35 per cent, payroll by 14 per cent and ethylene output by 28 per cent. It has split into ten distinct businesses, sold part of its best chemical assets and swapped one of its chemicals businesses—PVC—for ICI's polyethylene activities. It has also stopped serving biscuits with tea to staff at its 62 major depots.

Profits last year picked up to £2.6bn, a recovery from three years of decline. This year the City is looking for £3.6bn and almost £4bn next. The dividend is up, the shares are ahead of the market, and the balance sheet is solid again.

Three questions arise. How was it done? How deep has the change run within the organisation? And what next? Mr Walters the cleaner became Walters the funder, avoiding the over-optimistic errors of the 1970s? Or, as he puts it himself: "Do we have an offensive as well as a defensive coach?"

Mr Peter's own account of how it was done is characteristically easy paced. Once it was accepted that the world would never return to normal after the oil shocks, "the recession gave us freedom to manoeuvre. It meant being very difficult to change the style of a company where you don't have the opportunity to release people and change a generation."

Building confidence
Hong Kong may, perhaps, draw more comfort about its future from the Bank of China's plan, unveiled last week, to build a new HK\$1bn (£90m), 70-storey headquarters there than it has yet gleaned from either Mrs Thatcher or Sir Geoffrey Howe.

Four years from now, the four trials—aluminium and glass-covered shafts of the building—designed to withstand extreme typhoon conditions—will dominate Hong Kong's skyline.

Soaring 315 metres, it will dwarf the 52-storey Hongkong and Shanghai Banking Corporation's building due to be completed next year—and will cost a fraction of that controversial venture.

The site on which the new bank will be built was sold to the Bank of China by the Hong Kong government at the height of the property boom in 1982 at a "friendly price" of HK\$12m.

Paper money
Father Michael Bailey, pastor to a heavily English-speaking Catholic flock in the Brussels suburb of Kraainem, has latched on to a novel way of keeping his congregations. Instead of merely distributing

BP's BUSINESSES

	TURNOVER (£m)	OPERATING PROFIT (£m)	% RETURN ON CAPITAL
1983			
EXPLORATION	4,862	1,096	22.6
GAS	562	80	14.2
OIL SUPPLY, REFINING, MARKETING AND SHIPPING	20,047	205	5.1
CHEMICALS	1,715	81 (loss)	negative
MINERALS	251	26 (loss)	negative
NUTRITION	723	27	3.6
DETERGENTS	169	3	4.9
VENTURES			Financial results not published
SCITCO INTERNATIONAL	57	1 (loss)	negative
BP GROUP	32,453	3,289	16.9

* operating profits as proportion of capital employed
† including Sohio

Sir Peter Walters: wants to see BP closer to the customer

Britain's largest company

Now BP waits and wonders

By Ian Hargreaves

PRE-TAX PROFITS

Year	Pre-tax Profits (£m)
1979	2,200
1980	2,400
1981	2,600
1982	2,800
1983	3,289

like David Simon, the high-adrenaline 45-year-old who runs BP Oil International, which covers supply, refining and marketing. Mr Simon's business has seen some of its competitors, says change in the last two years, turning a \$86m 1982 operating loss into a \$205m profit last year at a time of stagnant demand. The strategy Mr Simon inherited — to reduce dependence on Europe and switch from the supply push of the integrated oil company to selective pursuit of profitable sections of the market—has been implemented at great speed.

It has meant closing refineries and moving into the spot oil market in a big way—BP the lost most of its contract supply of Opec crude in the late 1970s. As a result, BP has become the world's biggest spot trader in both crude oil and products. Unlike for petrochemicals, it can face with equanimity the start-up of a new generation of Middle East refineries, believing it will be able to buy Opec's heating oil and gasoline on the spot market and re-sell it at a profit.

Men and Matters
Dallas Welcomes the Republicans
"Your job is to protect the President from his own jokes"

the Sacramento Father Bailey also makes available at his after mass get-togethers freshly delivered copies of the British Sunday newspapers.

In fact, the inspiration behind the move is not divine but the work of a decidedly down-to-earth 42-year-old entrepreneur called Jonathan Simmonds.

Warning signs
Time was when scientists consulted classicists about names for nuclear experiments. Oxford's Greek faculty supplied the names for Dido, Pluto and other early nuclear reactors at Harwell.

age 30 per cent of its refinery capacity is idle. Averages, says Mr Simon, are not very relevant: the real art is in switching plant on and off according to market conditions and the long and grinding process of changing the attitudes of 35,000 people.

Plagued by unstable markets, BP Chemicals, like its competitors, is in search of market muscle—achieved in the UK polyethylene market through the ICI swap, or niches, in products such as electricals. Cheap raw materials, market muscle and technological edge are the three criteria for deciding to stay in a business long term, says Mr Knowland. In its low volume, speciality chemicals activities (things like food additives), BP Chemicals has also become exposed to the risk of supply failures. So there is a limit to the flexibility of

American nuclear scientists, however, have now set their academic colleagues a fresh task—to find ways of warning future generations of the dangers of repositories of radioactive waste that will outlive the dangers themselves.

According to the Washington magazine, Science, Thomas Sebeok, an anthropologist at Indiana University, has suggested that they should harness the "Tutankhamen phenomenon." By creating modern myths on the lines of the curse of the Pharaohs, trespassers might be scared off.

The idea sits uneasily with the efforts of nuclear scientists to dispel some of the ideas about their activities that already seem to have gripped the public imagination.

Shaw's acorn
Roland Shaw, chairman of Premier Consolidated Oilfields, tells me that his company's long-awaited first North Sea oil discovery may be called the Acorn field.

would like to see every BP business with a freestanding capital structure, a responding to the group as a shareholder and capable in some cases of flotation into the stock market.

But there is still a long way to go. The better performance—only three of the ten business streams achieved a respectable level of return last year—and in developing constructive ideas for spending what Sir Peter calls his "cash molehill."

In chemicals, there may yet be a need for more rationalisation. Although BP's polyethylene feedstock is now cheap, it is not as cheap as that of the Middle East producers who will next year start to ship in quantity to Europe and its export markets. With 9 per cent of the European market, BP has a stake big enough to be a worry but not big enough to take the lead on prices.

But Sebeok insists that his idea of a curse is merely a supplement to his main proposal. This is to engrave "keep off" warnings in tablets of stone in three different ways: iconic (pictures), symbolic (words) and indexical (demonstration).

In other words, the curse is intended to catch only the trespasser who fails to grasp the message of a strip cartoon, carved in stone.

But then Mrs Shaw said he was missing the point entirely. In Germany, she told him, there is a saying that even blind pig once in a while finds an acorn.

the Simon system and to "deficit refining" as a principle. Problems in the coal sector, where forecast demand has not materialised, are likely to persist. Coal, one senses, is a business BP would sell, if it could. In minerals, BP is engaged in major mine development expenditure following its overpriced \$400m acquisition of Selection Trust in 1980. But the benefits have yet to be seen at the bottom line. After four years of casting around for the right management formula, BP still seems uncertain whether it wants to run its operation in the style of a mining finance house or a more hands-on, oil-style business.

Just how to achieve the necessary variety of management styles without loss of cultural identity is high on the internal BP debating agenda. But top of that agenda is the item that calls for an offensive coach. "We're at a fulcrum," says Mr Bexon. "Having pulled the tiller and got the ship working, where do we go?" asks Mr Horton.

One place BP is not going to search for another oil company is Wall Street. Although the idea would be to increase the per cent of Standard Oil of Ohio it does not already own has been widely canvassed in the City, everyone at BP is now ready with the house analysis: more of Sohio's Alaskan oil riches would be a good thing. BP's strategic problem in the 1990s by laying one declining

the money isn't burning a hole in our pocket," says Mr Bexon. "Actually, it's a nice warm glow. The next year or so is a time of thinking through very carefully where we go." Mr Bexon's own business, oil exploration, will continue to attract the biggest share of a declining capital spending total. The hope is that the gradual drop in the ratio between BP's oil reserves and its production—a crucial barometer—can be halted. Mr Bexon says the last 18 months have been BP's best in the North Sea since 1974, but there have also been major disappointments at Mukluk in Alaska and in China. BP, like Sohio, has to do still better in its most basic business in order to bankroll its future.

As for diversification, BP is cagey. It will be more a question of tailoring any diversification to local opportunities, rather than going for a grand slam of international diversification. For its own sake, says Sir Peter, "If New Zealand can make a success of forestry, then I'm happy that New Zealand should be in timber. But I would not choose to see BP in forest products on an international basis." Sir Peter made great play of putting pictures of an oil rig and a petrol station on the cover of this year's annual report, but he is especially keen to see his predecessor's strategy of a flight from oil.

Sir Peter also says he wants to see BP "closer to the customer in a number of ways," both in oil products and in markets and to increase value added: perhaps producing glue as well as the solvents from which glue is made or paint, rather than its bulk component, to be by his retirement date in 1990, he becomes vague. "I'm more interested in profitability than size. I want BP to retain its good name for quality and straightforwardness and I would like the name BP to be associated with Britain and successful British industry," he says.

Technology is another key Walters theme for phase two—underpinned by technology. He sees BP developing as a market leader through its enhanced oil recovery, new oil production systems, "anti-fouling" paints, electronic port stations and dozens of other areas within the large businesses and through the venture capital division, which specialises in start-up frontiers. "But these things you can't hurry up," he sighs. "You can't stand over the hofins and say for God's sake, we've got here a year early; why haven't you?"

A second article, to appear on the Management Page, will examine BP's corporate planning.

Observer

production curve on top of another. In any case, says Mr Horton, "we can secure our reserve base for less than \$8 a barrel"—a going figure in the recent \$35bn Wall Street merger wave. Sohio, anyway, has something to prove in the next year if you're to have any success in its large non-Alaskan U.S. oil exploration programme or risk being permanently saddled with the charge of having the highest oil finding costs of any major U.S. oil company.

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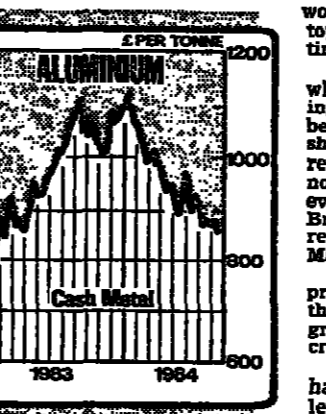
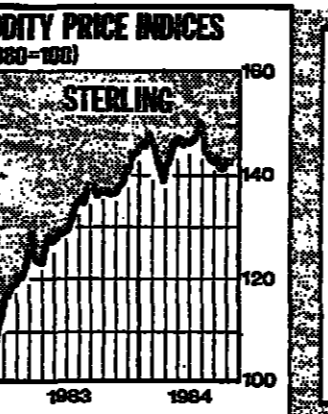
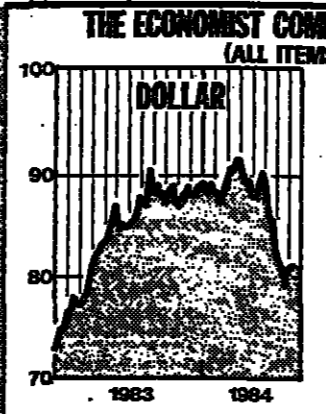
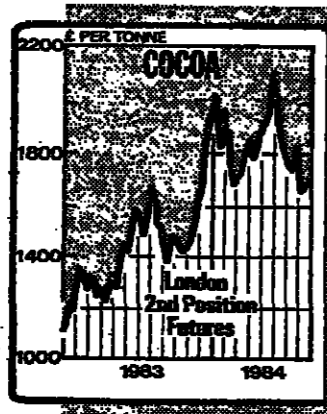
Observer

WORLD COMMODITY PRICES

When a fall isn't a fall

By John Edwards and Anatole Kaletsky

RECENT FALLS in the prices of raw materials, ranging from aluminium to cocoa and many to maize, have raised hopes that the economies of industrialised countries can continue to recover without unleashing a new bout of inflation. The speed of the decline in U.S. copper prices, for example, has fallen by over 18 per cent from their level in April—has even provoked some fears that the world economy may be on the brink of a deflationary collapse. The like of which has not been seen since the 1930s. Both optimists and alarmists may be disappointed, however, if they look more closely at the underlying trends in the international economy and in many of the individual commodity markets.



Graham Lovar

Bumper harvests, the soaring dollar and Europe's halting economic recovery have combined to create an optical illusion for analysts who view the world entirely through American eyes. With the American recovery roaring ahead while agriculture, oil and metal prices decline in U.S. markets, it is tempting to conclude that deep-rooted inflationary forces may have been driven out of the economic system. However, looking at the various commodities separately against a broader international

The growth outlook is threatened by modern technology

perspective, the recent behaviour of prices seems less extraordinary and, in some cases, liable to be abruptly reversed. In the past few months, three general influences have been of paramount importance on all commodity prices: the strength of the dollar, the uncertain and unbalanced nature of the world recovery and seasonal variations in demand for raw materials, which markets apparently have not been very successful in discounting. The impact of the dollar is obvious, yet frequently neglected. With the dollar appreciating rapidly against nearly every major currency, commodity prices which are quoted in dollars give a distorted impression of market conditions experienced by consumers and producers outside America. A 10 per cent fall in the dollar price of copper, for example, will have little bearing on the business of a Chilean copper

mine or of a French electrical manufacturer if the dollar rises by 10 per cent against the peso and the franc at the same time (although the Chilean Government, which has to spend most of its tax revenues on servicing dollar debts, is more preoccupied about its main export's dollar price). In fact, this kind of contrary movement of commodity prices and the dollar, is broadly what has happened over the past few months—as the chart shows. The Economist's commodity index, quoted in dollars, has fallen by 13 per cent since its peak in March. But the sterling price of the same basket of commodities is shown far less movement—falling over the same period by less than 3 per cent.

With today's volatility in exchange rates and America's shrinking importance in world manufacturing, the dollar is simply an inappropriate unit of value for much of the world's commodity trade. For example, the U.S. consumed only 26 per cent of the world's refined copper last year, against 38 per cent consumed in Europe and 18 per cent in Japan. Of the major commodities, only aluminium is still consumed in greater quantity by the U.S. than by Europe.

Another indication of the long-term shift in patterns of commodity consumption is that the pace of U.S. recovery is an inadequate proxy for the strength of worldwide commodity demand. A fall in commodity prices may look surprising when juxtaposed against this year's boom in the U.S. economy. But a truer guide to demand in the commodity markets is the unusually gentle recovery in the international

economy as a whole; when measured against this year's growth projections of 4 per cent for the whole OECD area, rather than the 6 per cent likely to be notched up by the U.S. commodity prices could be described as surprisingly strong. Indeed, underlying strength, rather than weakness, in commodity prices, is what emerges from a slightly longer view of market trends than the one currently taken by some speculators. Since October 1982, when commodity prices started rising in the current recovery, The Economist's dollar index has risen by 11 per cent, despite the recent setback. The sterling index has leapt by no less than 48 per cent in the same period.

A recent analysis by Morgan Stanley suggested that, even in dollar terms, the upsurge in commodity prices since the autumn of 1982 has been more than double the average advance in previous U.S. economic recoveries and has "easily surpassed" the previous record set during the Korean War boom in the 1950s.

Viewed in this context, the recent commodity price declines hardly appear spectacular. Even so, there are doubts about how long the retreats can last in some markets. The prospects for continuing recent price declines can be considered in two groups: agricultural commodities and metals. The metals sector has been undermined mainly by the unexpected strength of the dollar; by high interest rates which have discouraged consumer stockpiling; and by doubts about the durability of world economic recovery,

the metal markets are now in no-man's land waiting to see what happens when industry goes back to work after the summer holidays. Traditionally the key period in the U.S. comes after the Labor Day holiday (September 14) when industry looks at its order books. However, a decisive move may be delayed this year until after the result of the U.S. presidential election when the markets expect the new, or re-elected, President to start buying until the likely trend becomes clearer.

They cite the aluminium market, where over-optimism has resulted in a dramatic decline in prices. Last year aluminium was one of the high fliers in the metal markets. The price of aluminium surged on the London Metal Exchange (LME) from just over \$500 at the beginning of 1983 to a peak of over \$1,100. Since January it has fallen to the present level of under \$800 a tonne in spite of the drop in the value of sterling.

Zinc, last year's other high flier, rose to a peak of nearly \$900 in May because of a shortage of special high quality supplies. The price suddenly collapsed in June, falling \$180 in just over a fortnight as the squeeze on supplies was broken by lack of demand and higher production. Since then the market has stabilised at around \$550, much below the previous year's level. Movements in other base metal markets have been less

spectacular, but follow roughly the same pattern. Meanwhile, platinum and silver prices, which had been tipped to move higher this year as a result of increased industrial demand, have trailed gold downwards. Many of the specialised (or so-called) metals—such as antimony, cobalt, and selenium—which recorded some spectacular price increases during the first part of the year, have subsequently fallen back too in the face of declining demand.

While the lacklustre performance of metals has been somewhat surprising, there are sounder reasons to explain the decline in prices for the main agricultural commodities. Good harvests, or the prospect of bumper crops, has been the main depressing influence. Last year prices of grain, cotton, and oilseeds were driven up by the sharp setback in U.S. production, as a result of drought conditions combined with the American Government's generous payment-kind programme paying farmers to cut plantings drastically.

After the over-kill suffered last year, the U.S. Government was in no mood to cut production again in presidential election year. At the same time the weather has been relatively kind—even the Soviet Union has had a reasonable harvest, while bumper crops are expected in the EEC. There is, therefore, every likelihood of a big recovery in U.S. production of maize (corn), soybeans and cotton this year. Stock should be restored to more normal levels and prices have already reacted downwards accordingly. A bumper wheat harvest has been virtually gathered in and

world production is expected to top 500m tonnes for the first time ever. Oilseed and edible oil prices, which rocketed last year following the failure of the U.S. soybean crop, have come back sharply in anticipation of a big recovery in U.S. output which now looks less certain. However, there are larger crops in Brazil and Argentina; and a resurgence is under way in Malaysian palm oil production. Natural rubber and timber prices have tumbled, too, with the failure of consumption growth to keep pace with increased production. Tea prices, not surprisingly, have declined from the record levels reached in January following the move by India to restrict exports of CTC (crush, tear and curl) teas in order to reduce domestic prices. A good winter crop is in prospect this year, so prices are likely to remain under pressure. Better crop prospects, after the setbacks from drought suffered last season, have boosted sugar production and reduced world market values (in dollar terms) to the lowest level for 13 years, and there seems little relief in sight.

The prospect of better crops later this year in Brazil and

The dollar is an inappropriate unit of value

West Africa has also brought a sharp decline in cocoa prices from the five-year peaks reached in May. Coffee has also dropped sharply recently. The ultimate key to metal and commodity price movements, however, is the strength of demand at present in the developing countries, where the main potential growth in consumption exists, are held back by their lack of foreign exchange and debt problems. The long-term growth outlook for metals is threatened by modern technology which either reduces the volume required or leaves the way open for newer, substitute, materials such as plastics and carbon fibres. Supplies of agricultural commodities will continue to be dependent to a large extent on unpredictable weather patterns, but improved plant-breeding and farming techniques have so far more than managed to keep production increasing as fast as demand.

Lombard Bad reasons for pay worries

By Samuel Brittan

IT CANNOT be a healthy sign that UK earnings are rising by nearly 8 per cent per annum overall and by over 9 per cent in manufacturing during a modest recovery from recession when unemployment is over 3m and still slowly rising. As the underlying inflation rate is 5 per cent and the tax burden is not rising, this means that those at work are increasing their living standards reasonably fast at the expense of the unemployed who are being crowded out of the recovery. But it is extremely important to give the right reasons for being concerned. Much of the comment, including the remarks made by the Employment Secretary, Tom King, concentrate on cost comparisons between the UK and main competitor countries. Allowing for productivity, pay costs per unit of manufacturing output have been constant in Germany, have fallen in Japan and the U.S., while they have risen by 4 per cent over the last available year in the UK.

It cannot be sufficiently emphasised that these facts, taken on their own, do not constitute any reason for worry. Comments based solely on international comparisons and fears of "pricing ourselves out of world markets" show that those who make them are still living in a fixed exchange rate world, even though sterling has been floating for 12 years (I suppose that this is par for the course for a cultural lag). They also reflect a mercantilist inability to see that the countries with different rates of productivity growth and different rates of inflation can harmoniously trade together thanks to the international price mechanism operating via the exchange rate.

The UK earnings figures do suggest serious difficulties in the way of reducing inflation further. But these are best expressed in domestic terms and not with reference to other countries' performance. There are two main reasons for worrying about the earnings figures. If earnings are rising by nearly 8 per cent and productivity in the whole economy is rising by 2 to 3 per cent the "core" rate of inflation cannot be much less than 5 per cent. The Chancellor's Mait Lecture suggested that the direction of disinflation was from squeezed prices and profit margins to lower pay settlements. If that is right it would require another profit recession—which would be bound to raise unemployment even more—to get anywhere near zero inflation. Otherwise the best we can hope for is a very slight downward tilt in a 5 per cent inflation plateau.

But the more fundamental point is that, even if we did not care about inflation at all, the present rate of increase in real earnings is the biggest single obstacle to securing more jobs. The Treasury model of the UK economy is not designed to show the ultimate effect on employment of wages considered as a price; and most of the purported effects are due to indirect effects on aggregate demand and output. More direct research on the topic at the LSE (reported in Economic Viewpoint on July 26) suggests that real pay would have to rise by less than 2 to 3 per cent per annum to secure even a stable level of employment. This work also suggests that each 1 per cent increase in real pay levels costs a corresponding 1 per cent in job losses compared with the number of jobs there would otherwise be. These are, of course, only fallible estimates. But the proof of the pudding is in the eating; and the combination of buoyant real pay for those at work with the failure of economic recovery to provide enough new jobs to reduce unemployment (in the context of a gradually growing labour force) is surely striking. Changing labour market behaviour (polite jargon for tackling union monopoly) is a herculean task. By contrast ensuring that the country is not "priced out of world markets" is child's play. The foreign exchange market will do it for us while Mr King's back is turned (it may even overreact). Establishment figures should get away from 20-year-old briefs and concentrate on the problems of the 1980s, not the 1960s.

Arbitration in agreements

From the General Secretary, Elect, Electrical Electronic Telecommunication and Plumbing Union
Sir,—Your Editorial of August 14 summarises the latest initiative from the Institute of Directors to improve British industrial relations. The paper, however, cannot be seen as a particularly comprehensive package for reform. Strange though it might initially appear, the institute is guilty of the same fault as its critics: it incorporates pendulum arbitration. Both prefer to concentrate on the binding arbitration provisions of those agreements to the total exclusion of other features. Just as it is dishonest for other trade unions to accuse us of "selling away" our members' rights, so it is unacceptable for the IoD to isolate the binding arbitration clauses and seek wider use of that provision throughout industry, without acceptance of the other elements in the agreements.

At all plants where such agreements have been signed, the EETPU has been able to curb total managerial prerogative by accepting a joint managerial/union board which has a positive influence at plant level. If the IoD is serious in its intention to secure wider support for pendulum arbitration, it has to accept the inevitability of greater employee involvement at local level. Accompanying the provisions for binding arbitration are clauses which secure harmonious conditions of employment for all employees. The demand for single status and the removal of outdated differ-

Letters to the Editor

tiation between blue and white collar workers has been prominent throughout the trade union movement during this decade and before. Yet our actual achievement of those goals has been ignored by those trade unions who prefer to criticise the binding arbitration provisions of the agreement. The IoD, too, should recognise that single status is as important a component of the agreements as is binding arbitration. If the institute is genuinely interested in "filling the gaps in contemporary industrial relations," it must go further than extracting binding arbitration from new agreements. It must be willing to accept the other equally radical features of those agreements. A. E. Hammond, Hayes Court, Bromley, West Common Road, Bromley.

Role for a UK space agency
From the Managing Director, British Aerospace
Sir,—Your leading article "The role for a UK space agency" (August 15) is extremely timely. While the UK space industry has achieved a good record of success in Communication and scientific satellites, it now needs national guidance as to where it should be devoting its efforts in the future. Current European groupings tend to put France and Germany

the finest route network in the world. It is just not enough for BA to state that it would welcome British competition on any of its routes. BA knows full well that the complexities of international air service agreements and inter-airline relationships and the way they can be manipulated by dominant new British entrants. Just how hollow the BA statements are is amply demonstrated by BCal's experience. BCal was granted a Farin licence in 1961 but was blocked until 1971 from commencing operations as a result of opposition by BA and Air France. Even today after 13 years of operation the capacity share is carved up in such a way that BCal is precluded from offering more than 12½ per cent of the total seats on sales. Furthermore, BCal has bitter memories of how, just after it was licensed by the CAA to operate to Scandinavian points, the air services agreement was

that difficulty. Thank you for helping to raise the level of discussion.
(Sir) Raymond Lygo, 100 Pall Mall, SW1.

Trade with Japan

From Mr J. Bourlet
Sir,—I read (August 2) with interest in *the Economist* your article on the delegation of the EEC in Tokyo. The research in Tokyo of all the EEC's publications, wall charts, display material, hand-outs and press releases—which justified the criticisms—covered the period up to 1984. I am pleased therefore to learn from your correspondent that in their new publication invisible payments are, for the first time, taken into account—and on a clear "cash flow" rather than "profit" ("economic transactions") basis—a useful correction of the current UK Government line.

I must protest at the letter attributing to me "optimism over sales to Japan." No such view has been given on this point because it would be both irrelevant and confusing to the main argument which is that it is a question of whether we ignore multilateral trade patterns, invisibles (notably profits and dividends) and capital movements as well as visible trade when assessing EEC-Japan economic relations. Important questions about protectionism and conflicting national interests arise and there is a vital need for full debate, particularly in our own Parliament before policy lines regarding trade with Japan are promoted via the EEC. James Bourlet, 20, South Street, W.I.

renegotiated in the interests of the State carriers and in such a way as to block BCal's entry. Thus do monopolies protect themselves and their cosy fare and capacity pooling agreements. Gatwick's development has only recently been helped by improvements in its road and rail links with London; coupled with its spaciousness and room for expansion, and by BCal's own efforts in operating about 45 per cent of the 75,000 scheduled service movements there last year. But undeniably, just as BCal has been dominated by BA so Gatwick has operated under Heathrow's shadow—about 5m scheduled passengers at Gatwick last year compared with 27m at Heathrow. It is the twin imbalances of airlines and airports which must be corrected and they provide the justification for the implementation of the CAA's plan including the three routes transfers to BCal. The loss of three routes which, in common with all others, BA received free in



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Terry Byland on Wall Street The chips are up, for now

THE RESURGENCE of confidence on Wall Street since the end of July has brought the stocks of the semiconductor group back into the limelight. Motorola, National Semiconductor, Intel, Avnet and a host of other leaders of the industry have chalked up stock price gains of between 10 per cent and 30 per cent, compared with a rise of just over 8 per cent in the Standard & Poor's 400-stock index.

To some extent, the semiconductor shares have been responding to Wall Street forecasts of substantial improvements in profits for this year and 1985. But higher earnings had been predicted well before the market took off at the end of July. The sparkling performance of semiconductor issues also reflects their perceived role as the very driving force of U.S. industry - especially of its thrust to change and modernise.

This spearheading role carries dangers as well as opportunities for investors. The upturn in the stock market came not a moment too soon for the semiconductor stocks which had suffered a punishing 12 months, when "technology" almost became unmentionable within the hearing of any sensitive fund manager. Over the past two years, some semiconductor stocks saw swings in price of nearly 300 per cent.

A sector that overreacts to market or economic trends on such a scale needs careful watching at present. Wall Street is still not entirely sure of the outlook for the U.S. economy. If the pace of growth slows more quickly than expected, semiconductor stocks might prove vulnerable again.

Investors who subscribe to the most bearish of Wall Street's scenarios - that recession might materialise by mid-1985 - should probably not be in semiconductor stocks at all. After the gains of the past three weeks, the sector is selling on price/earnings ratios of between 20 and 30, compared with a mere 11.5 on the S & P 400. Motorola, with its dominating position in portable communications equipment, has

Stock	Price	52-week range
ADM	38 1/2	38-25
Avnet	37 1/2	45-27
Motorola	40 1/2	55-23
Nat Semi	15 1/2	15-9
Perkin-Elmer	23	37-17

risen by 27 per cent over the period and is beginning to challenge its 52-week high. Advanced Micro Devices (AMD), 17 per cent higher by Siemens of West Germany, has gained 25 per cent.

Clearly, most people on Wall Street now expect the U.S. economy to continue at full throttle throughout 1985 and perhaps 1986. For them, the question is: Which semiconductor stocks have the most potential for further gain?

For the bulls, AMD remains at the top of the list, although the stock price has already recovered to its 52-week high. Virtually the whole of AMD's revenues come from its integrated circuits divisions, making it the "purest" of the semiconductor stocks. It is expected more than to double last year's earnings of \$71.1m in 1984, with further spectacular growth ahead next year. The only doubt must be over the p/e ratio of 22, which is discounting much of the growth potential.

Similarly, a p/e multiple of 26 on Texas Instruments may be over-emphasising the swing round to profits in the current year, after the withdrawal from the personal computer market. The stock has jumped by 26 per cent in August, and is close to its 52-week high.

Mr Michael Gumpert of Paine Webber picks out National Semi, Perkin-Elmer and GCA as having outstanding upside potential - but only for those confident that the stock market and the economy will continue to grow until the beginning of 1987. All three are well below their 52-week peaks and are likely to return higher profits this year.

National Semi has been rising sharply this month and now sells on 31 times earnings. But the stock is still only in the middle of its 52-week range, and Paine Webber predicts a gain of 79 per cent in earnings this year and a further 38 per cent in 1985.

GCA has the highest p/e in the sector, at 29, reflecting its strength in the sale of the new wafer steppers, the most profitable growth area of the industry. GCA has the lion's share of both Japanese and European markets for wafer steppers.

For those who are bullish on the prospects for the U.S. economy, semiconductor stocks are clearly the place to be. But those who continue to fear that interest rates might rise in 1985 just as the economy slows should remember what happened to semiconductor stocks in the second half of last year.

Wall Street, Pages 12-15

John Elliott reports on rising tension in Jaffna Sri Lanka expects new violence

SRI LANKAN military commanders expect a sharp increase in the violence between Tamil separatists and army troops over the next few weeks, and are prepared for the possible invasion of forces from India.

Brigadier N. Seneviratne, Commander of Security in Jaffna, said yesterday that the possibility of military intervention from across the Palk Strait, which divides Sri Lanka and India, had not been discounted.

Mrs Indira Gandhi, the Indian Prime Minister, has been urging a peaceful solution to the island's problems with increasing impatience. However, she has denied that Tamils are being trained and equipped in India and has recently set up a new southern army command in the southern state of Kerala.

"Tension is rising sharply because of allegations, mainly denied, that troops in the north of the island have indiscriminately arrested some 400 people, blown up and killed 20 or more people after gassing and tying them up in a desert-

laid with army ambushes at present in readiness for arrivals expected to boost the next stage of violence."

Brigadier Seneviratne sees no early end to the violence, which has claimed at least 85 lives this month, until the political and economic demands of the island's Tamil community for more regional autonomy have been met.

"Until a political solution is found, you cannot do much more than contain the situation as much as possible and try to stop terrorists having the run of the country," he said.

That means that the security forces do not believe they can end the terrorism by force. All the signs, therefore, indicate a long battle before peace is restored to Sri Lanka, which was regarded as a tourist haven and a test bed in South Asia for a thriving capitalist economy until its sharp and sudden violence in the north and in Colombo, the capital.

A round table conference reopens in Colombo tomorrow but a solution is not expected. Many political observers regard the conference as a

Unions call on France to relax policies and cut unemployment

BY DAVID MARSH IN PARIS

THE FRENCH Government is coming under steadily mounting trade union pressure to relax its tough economic policies to stem rising unemployment and mitigate cuts in living standards.

In a newspaper interview he said government figures, showing a 0.8 per cent seasonally adjusted increase in unemployment in July to 2.34m, gave only a partial picture.

The true level of unemployment was already well over 2.5m, he said, and would be around 3m by the end of the year, because the statistics excluded certain categories of jobless people.

The Government is trying to put an optimistic gloss on the latest unemployment statistics, which showed a rise in registered vacancies in July for the first time for eight months. Officials acknowledge, however, that the figures will continue to rise in coming months, to reach 2.5m by January 1985.

Trade union criticism of economic policies has been intensified by government-administered price rises on petrol and telephone charges during the summer. Those are hitting lower income groups particularly hard.

The latest inflation figures showing a 0.7 per cent spike in consumer prices in July, with another fairly large increase due in August, have

accentuated bitterness among workers who have accepted wage increases this year of well below the likely inflation rate of around 7 per cent.

Union discontent is also being sown by the steady rise in job cuts announced or expected in the car sector; the bankrupt Creusot-Loire engineering group, where the Government is still trying to salvage assets; and sections of nationalised industries.

A crucial question is the extent to which the Communist-led Confédération Générale du Travail trade union will be trying to stir up factory protests when plants resume work in the next fortnight after summer shutdowns. After the departure of Communist ministers from the Government last month, the party has been stepping up sniping at government economic policy, but has stopped well short of calling for disruptive protest action.

As a sign that economic realities place clear limits on the unions' room for action, the CGT and other big labour considerations emerged from talks with the management of the Citroën car group on Friday appearing mainly resigned to the company's plan for around 2,200 redundancies.

Honecker hints at tough agenda

HERR ERICH HONECKER, the East German leader, has given a public foretaste of the tough line he will be taking during his summit talks in West Germany expected to be held next month, writes Jonathan Carr in Bonn.

In an interview in East Berlin, Herr Honecker underlined longstanding demands that Bonn recognise a separate East German citizenship and that the two German states exchange ambassadors.

He also called on West Germany to shut down for good its office that records the deaths and injuries of East Germans trying to flee across the border to the West.

Herr Honecker did not specifically refer to his impending talks with Chancellor Helmut Kohl, which Bonn expects to begin on September 26, but which East Berlin has not publicly confirmed.

The East German leader said, however, that his country would continue the "dialogue with those holding political responsibility in the Federal Republic, and co-operate with all those who take account of realities."

Herr Honecker's demand that Bonn recognise East German citizenship has been rejected principally on constitutional grounds by successive West German Chancellors - most recently by Herr Kohl in an interview last week.

Instead, Herr Kohl made clear that he wanted concessions from Herr Honecker for more East Germans to visit the West, and urged that the two German states co-operate on environmental protection.

European fast breeder research plan

Continued from Page 1

other Western countries may join later if they wish.

Japan's development project is advanced. The U.S. is still running an experimental fast breeder at Hanford, Washington, although its programme has slowed considerably since work stopped last year on a prototype at Clinch River, Tennessee.

A small secretariat is being set up in Paris to liaise between such bodies as the UKAEA and the Commissariat de l'Energie Atomique, and between those research bodies and national reactor design companies.

Sir Peter Hirsch, UKAEA chairman, says progress in a complex negotiation with numerous participants has been very rapid.

Britain's 250 MW prototype fast reactor, which is expected to return to high power levels this week after refurbishment, will be used to test European engineering design.

The basic aim of the collaboration is a common European fast reactor design. But the partners agree that the most expeditious path will be to pursue the three most advanced national designs - those of France, Germany and Britain.

The French are most advanced with their plans for Superphénix 2, but the design may need to be adapted to some British ideas in exchange for cross-investment by the British electricity industry.

World Weather

Location	Temp	Wind	Cloud	Temp	Wind	Cloud
Alexandria	27	11	0	24	11	0
Algiers	28	11	0	24	11	0
Amsterdam	20	11	0	24	11	0
Antwerp	20	11	0	24	11	0
Bombay	31	11	0	24	11	0
Buenos Aires	26	11	0	24	11	0
Calcutta	31	11	0	24	11	0
Canton	29	11	0	24	11	0
Cebu	31	11	0	24	11	0
Colon	29	11	0	24	11	0
Hankow	29	11	0	24	11	0
Hong Kong	29	11	0	24	11	0
Kobe	29	11	0	24	11	0
London	20	11	0	24	11	0
Lyons	20	11	0	24	11	0
Manila	31	11	0	24	11	0
Medan	31	11	0	24	11	0
Osaka	29	11	0	24	11	0
Paris	20	11	0	24	11	0
Perth	20	11	0	24	11	0
Rangoon	31	11	0	24	11	0
Seoul	29	11	0	24	11	0
Singapore	31	11	0	24	11	0
Tokyo	29	11	0	24	11	0
Yokohama	29	11	0	24	11	0

Ferraro in spotlight

Continued from Page 1

this week to answer allegations that he improperly borrowed \$100,000 from the estate of an elderly woman whose assets he was meant to be protecting.

Ms Ferraro said yesterday that she and her husband had tried to break the lease of the "erotic literature" company that had rented a warehouse, but was legally unable to do so. She was "absolutely outraged" at suggestions that her husband - "a man of great integrity" - had been falsely associated with organised crime.

Mr Walter Mondale, Ms Ferraro's presidential running mate, was rocked from another direction at

VW Golf is best selling car in Europe

By Kenneth Gooding in London

VOLKSWAGEN'S GOLF emerged as the best-selling car in Western Europe last year, with the Ford Escort close behind, according to an independent analysis by the Automotive Industry Data (AID) group.

No other Volkswagen model was in the top 10 but Ford featured with two other models: the Fiesta in seventh place and the Sierra, placed fourth. The high ranking achieved by the Sierra last year may be used as evidence by Ford that, although the car has its critics, it has by no means been a failure.

Another feature of the league table is that the Peugeot-Citroën-Talbot group was the only one of the leading six European car makers not to have a model in the list. That will almost certainly be rectified in 1984 by the sales success of the Peugeot 205.

AID's 1984 data yearbook, from which the table is drawn, also shows that Renault was the leading car producer in Western Europe

European Top Ten Cars 1983

Model	Sales
1 Volkswagen Golf	442,293
2 Ford Escort	433,793
3 Opel Kadett	390,375
4 Ford Sierra	386,878
5 Renault RS	352,522
6 Opel Ascona	347,457
7 Ford Fiesta	333,465
8 Fiat Uno	305,448
9 Renault 9	292,148
10 Fiat Ritmo	285,282

Source: Automotive Industry Data yearbook

last year, with an output of 1.64m and a 15.47 per cent share of the 10.6m total. Renault retained its prime position because in 1983 its output was 1.49m cars and its share 15.25 per cent.

Other leading rankings, with the 1983 performance in brackets, were: Peugeot-Citroën-Talbot, 1.44m and 13.6 per cent (1.39m and 13.71 per cent); Volkswagen-Audi, 1.36m and 13.06 per cent (1.39m and 14.18 per cent); Ford, 1.26m and 12.84 per cent (1.28m and 13.07 per cent); General Motors-Opel, 1.3m and 12.33 per cent (1.06m and 11.1 per cent); Fiat-Lancia, 1.15m and 10.92 per cent (1.07m and 10.95 per cent); Mercedes, 0.89m and 4.56 per cent (0.86m and 4.78 per cent); BL, 0.47m and 4.47 per cent (0.405m and 4.14 per cent); BMW, 0.4m and 3.84 per cent (0.36m and 3.71 per cent); Volvo, 0.35m and 3.34 per cent (0.3m and 3.06 per cent).

1984 Data Yearbook, Volume One: Passenger Cars in Western Europe © 1984 Automotive Industry Data, 24 St John St, Lichfield, Staffs, WS13 6PB.

THE LEX COLUMN Making a market in gilt-edged

In contrast to the vocal and often acrimonious debate over the future structure of London's equity market, discussion of the appropriate dealing mechanism for gilt-edged has been conducted in an atmosphere of studied calm. The London Stock Exchange's draft report on the subject has proved as controversial as a telephone directory, while last week's announcement that the Government Broker is to retire after two centuries of active service was greeted with rather more nostalgia than concern.

Most of that should be clarified in a Bank paper due for publication in late autumn. At that stage, the Bank will take soundings among prospective market makers, indicate roughly how many candidates it is prepared to accept and endeavour to ensure a balance between firms of different size, nationality and expertise.

In some areas, the Bank may try to make up the rules as it goes along. It will need, for example, to establish a definition of continuous market making but, in the early stages, will probably use the market share criterion applied by the Federal Reserve as only one of its yardsticks.

This rule is, in any event, easy enough to circumvent through vigorous dealing in short-dated and fairly risk-free instruments towards the end of an account. So, initially, it will probably keep an eagle eye on market makers' spreads to ensure that they are playing the game.

The Bank will, however, need to prescribe capital ratios in its autumn paper. Above all, it will have to address the more controversial question of last trade information. The argument in favour of a "tape" is broadly that it provides protection for investors, who can compare the price at which their bargain was dealt with a contemporaneous market quotation. Moreover, it is argued that U.S. experience shows the tape to enhance liquidity. Whether that argument would apply in London, however, is open to doubt.

A tape would in practice give broker/dealers a window on the supposedly confidential trading network between market makers and

IDBs. While the broker/dealer would not be able to judge the state of any individual market maker's book, he would see immediately the prices at which stocks were being dealt and would adjust his own quotations accordingly.

Liquidity

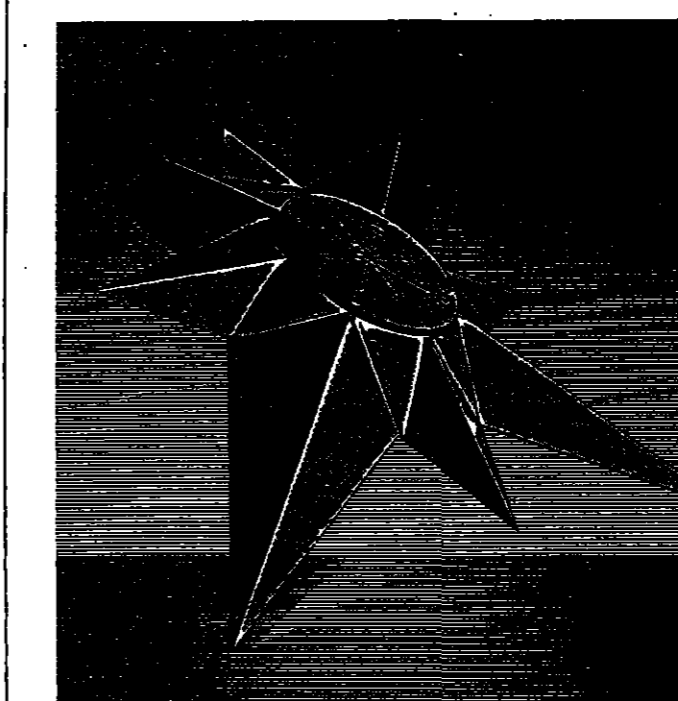
In London, market makers may be vulnerable to the knock-on effect of price movements in Wall Street, after London has cooled, while, because of the fairly immature state of the fixed-interest futures market in London, they will have less opportunity than their counterparts across the Atlantic to hedge their cash positions.

The IDB may, as a result, be the central medium through which the market maker limits his risk. If, however, the broker/dealer can see the prices at which the market maker is dealing, he will be able to quote on almost equal terms with the market maker without any corresponding obligation to make continuous prices. The upshot could be that liquidity drains away from the IDB circuit and that being a market maker becomes a somewhat unattractive proposition.

Nor is it apparent that the tape would provide any material investor protection. Many small investors will continue to deal through the floor of the exchange, with the existing single capacity protection, while there is no reason why a time-stamped contract note should not be compared with detailed stock exchange trading information published the following day.

The professional investor, meanwhile, can be expected to obtain the best price by comparing market makers' quotations over the telephone. For the professional, it is reasonable to expect the principle of caveat emptor to apply.

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SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Monday August 20 1984

Look at Lovell FOR HOMES

IVECO International Truck Technology

ENEL refinancing adds further Italian flavour to market

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

BANKERS who like to spend their summer holidays in Italy may have made a mistake this year. Italy itself has come to the market with a vengeance while they are away.

Last week another major refinancing was announced for ENEL, the state electricity board. This is ENEL's second such deal this month and the third for a leading Italian borrower.

This time ENEL wants to refinance a \$750m credit raised in 1980 with a margin over U.S. prime of 1/4 per cent for the first four years rising to 1/2 per cent for the next four. In its place it is seeking a new eight-year deal with a margin over the higher of prime or certificate of deposit (CD) rates of 1/4 per cent for the first four years falling to zero for the last four.

A "cap" of 110 basis points is included in the terms which means that interest will be charged at CD rates plus the cap plus the margin if the CD rate falls more than 110 points below prime.

INTERNATIONAL BONDS

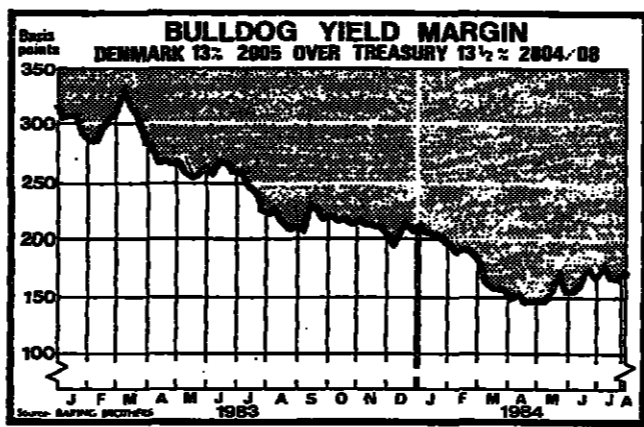
Regan prolongs the guessing game

BY MAGGIE URRY IN LONDON

EUROBOND dealers will look back on this summer as the one they spent "waiting for the details" on U.S. bearer bonds.

So the market ended the week hoping that the regulations to be published this week will finally answer their questions.

The Eurodollar bond market has suffered a confusing week, trying to keep pace with the swings in the



New York bond market - inspired by Mr Regan and a host of economic news - despite the time difference. What happened in the morning - as a result of overnight influences from New York - could easily be reversed in the afternoon if New York's mood changed by its opening.

ers not so good. Friday's crop of three from the World Bank, Bear Stearns and Wells Fargo sold slowly, hovering just inside the total fees.

linked issue from Beatrice Foods is floundering at a 4 1/2 point discount to its par issue price. Dealers said the 10 1/2 per cent coupon was too low, with the warrant to convert into share at nearly 30 per cent above the current price not enticing enough to make up the difference.

The World Bank has been a prolific borrower in the Euromarkets. Its Eurodollar issue on Friday completed a clean canasta of currencies borrowed in recent weeks.

Mr Eugene Rotberg, World Bank treasurer, said that in the fiscal year to June 1985 the Bank would borrow \$11bn-\$12bn in various currencies compared with \$10bn in 1983-84.

The World Bank certainly found the sterling market an attractive one to borrow in last week. Its bulldog issue was priced at a mere 85 basis points over the reference gilt-edged stock - the finest margin seen in recent times, and 15 basis points lower than the issue made in

BHF Bank bond average table with columns for August 17, Previous, High, Low.

Charter Company losses at \$646m

By William Hall in New York

CHARTER COMPANY, the Florida-based oil refining and insurance group which filed for protection under Chapter 11 of the U.S. bankruptcy code in April, has reported a second-quarter loss of \$610.1m after provisions of \$560m for the sale of the main part of its business.

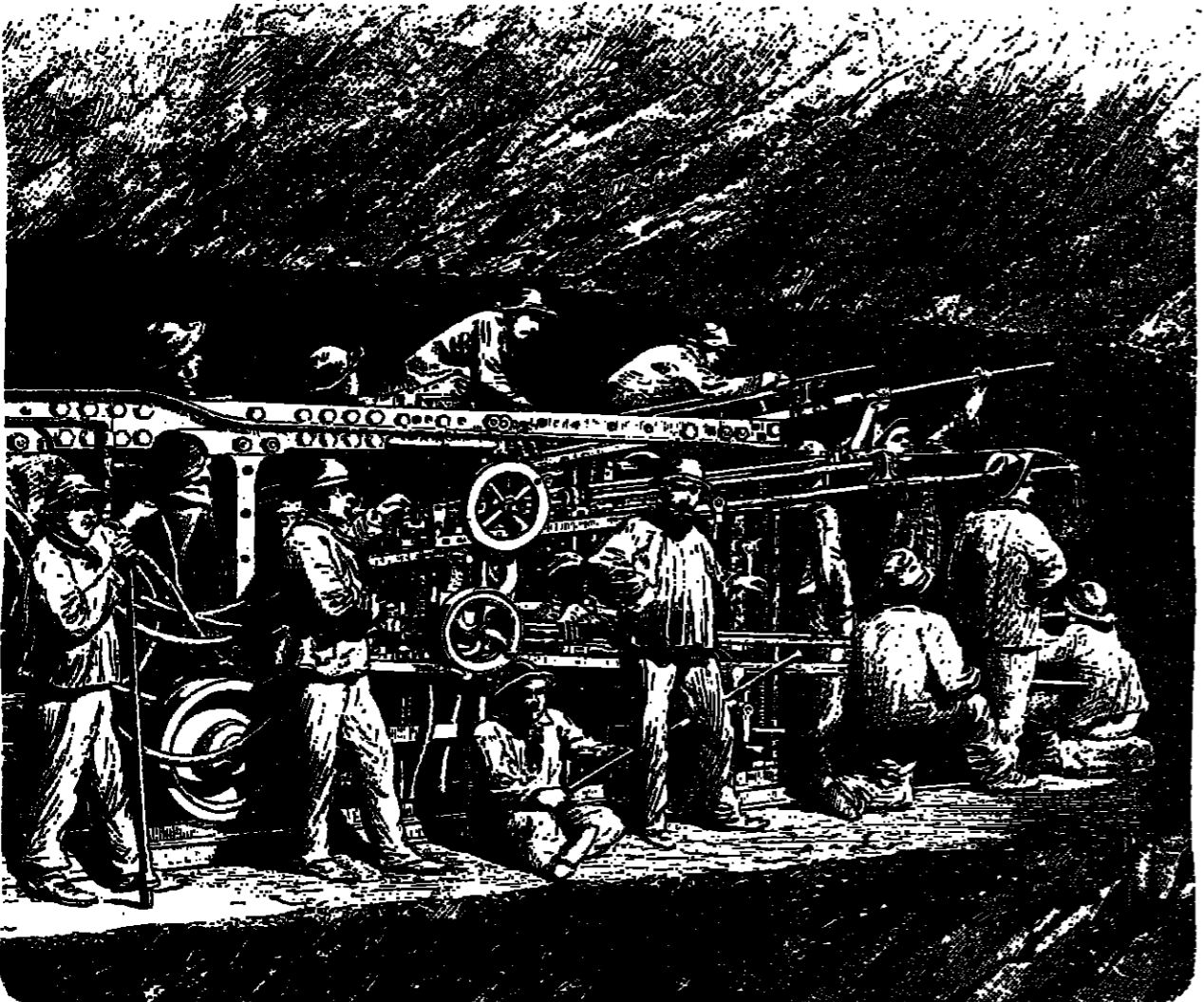
At the end of 1983 Charter had shareholders' funds of \$614.1m. It is the second big marketer of single-premium deferred annuities - a form of tax shelter - to run into difficulties. Its losses compare with Baldwin-United's net nine-months loss of \$674.1m in 1983.

Charter's difficulties were brought to a head when its oil refining and marketing operations suffered an "unanticipated and severe loss of trade credit in early April."

For the first six months of 1984, the net loss reached \$646.3m or \$39.27 a share after \$566.3m of provisions. The company, which earned \$53.9m on revenues of \$5.7bn in 1983, says the provisions are subject to adjustment.

NEW INTERNATIONAL BOND ISSUES

Table with columns for Borrowers, Amount, Maturity, Av. life, Coupon, Price, Lead Manager, Offer yield, and other details for various international bond issues.



Sommelier's compressed air rock drilling machine revolutionised tunnelling techniques and made possible the 7.5 miles Mt. Cenis Tunnel, which was officially opened in 1871. It was the first to break through the Alpine barrier. No less indispensable was the financial vision of those who arranged the funding of this 14-year project, which cost £3 million.

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Advertisement for Republic of Finland 13 1/4% Bonds Due 1994, featuring logos of various financial institutions like Salomon Brothers, Morgan Stanley, etc.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

U.S. BONDS

Extreme swings in long rates confirm volatile pattern

THE FEDERAL RESERVE Board's policy making Federal Open Market Committee (FOMC) meets tomorrow. While most senior Wall Street economists expect little if any change in monetary policy...

The pattern reflects the wide range of factors currently influencing market psychology. This was evident last week when the extreme swings in the price of the new 12.5 per cent

Table with 3 columns: U.S. Interest Rates (%), Week to, Week to. Rows include Fed funds, Treasury bills, AAA utility, AA industrial, SA industrial.

The one clear bonus for the market was the explicit approval of corporate bearer bonds for overseas consumption.

In contrast U.S. short-term interest rates generally continue to drift higher, led by the Fed funds rate which traded at an average of 11.71 per cent last week.

The cautious policy approach likely to be reaffirmed this week will reflect the fact that the pace of economic expansion, though still unsustainable, is not generating worrisome inflationary pressure.

Disney withdraws offer for Gibson Greetings

WALT DISNEY Productions, the West Coast-based film, entertainment and property group, has pulled out of a deal to acquire Gibson Greetings, a greeting card group, for \$320m.

Citicorp branches to sell insurance

CITICORP, the biggest U.S. banking group, plans to offer customers a wide range of insurance products at its New York branches through an arrangement with an insurance company.

Senior posts at Exxon

EXXON CORPORATION has elected Mr Lee R. Raymond as a senior vice president and director from September 1. He is currently serving as president and a director of Esso International Inc.

Zainuddin wins control of General Lumber

BUSINESS interests associated with Mr Daim Zainuddin, Malaysia's new Finance Minister, have taken control over publicly listed General Lumber after a six-month corporate battle.

Further robot vision investment by GM

GENERAL MOTORS, the world's largest car maker, has stepped up its push into machine vision technology—helping robots to "see"—by making its fourth investment in the sector within a month.

Six-month advance for Intraco

INTRACO, the trading company partly owned by the Singaporean investment group, reported a 12 per cent increase in profits to \$81.9m in the six months ended June, up 17.3 per cent from the \$69.8m a year earlier.

International Appointments

Mr Bryson has also been named a director. Mr Edward W. Wolahan has been elected chairman and succeeds Mr Brinkman as head of the finance and economics department.

Chemical Corp.

CHEMICAL CORP. becomes metals group senior vice-president and succeeds Mr Brinkman in Greenwich, Connecticut. Mr P. J. Hemschoet Jr, formerly vice-president and general counsel for the Climax polymethylmethacrylate plant in Colorado, is now metals group senior vice-president and general counsel.

NATIONAL Girobank advertisement. National Girobank announces that with effect from 20th August 1984 Base Rate Its base rate is reduced from 11% to 10 1/2%.

Grindlays Bank p.l.c. Interest Rates advertisement. Grindlays Bank p.l.c. announces that its base rate for lending will change from 11% to 10 1/2% with effect from August 20 1984.

FT INTERNATIONAL BOND SERVICE table. Columns include U.S. Dollar, Eurobond Turnover, FT International Bond Service, and Eurobond Turnover. Rows list various bonds and their yields.

Lloyds Bank Interest Rates advertisement. Lloyds Bank Plc has reduced its Base Rate from 11% to 10.5% p.a. with effect from Monday, 20th August 1984.

Vertical text on the right edge of the page, including 'Rotlook' and other illegible characters.

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices, August 17

Table of American Stock Exchange Composite Closing Prices for August 17, 1984. Columns include 12 Month High/Low, Stock Name, Dividend Yield, P/E Ratio, 100s High/Low, and Change from Previous Day. Stocks are grouped by sector (e.g., A-C, C-C, E-E, F-F, G-G, H-H, I-I, J-J, K-K, L-L, M-M, N-N, O-O, P-Q, R-R, S-S, T-T).

Continued on Page 14

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Table of New York Stock Exchange Composite Closing Prices. Columns include 12 Month High/Low, Stock Name, Dividend Yield, P/E Ratio, 100s High/Low, and Change from Previous Day. Stocks are grouped by sector (e.g., A-C, C-C, E-E, F-F, G-G, H-H, I-I, J-J, K-K, L-L, M-M, N-N, O-O, P-Q, R-R, S-S, T-T).

Notes regarding stock prices and dividends. Text includes: 'Sales figures are unaudited. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day...'. It also contains a section for 'dividend also (estimated) b-annual rate of dividend plus stock dividend' and 'dividend declared or paid in preceding 12 months'.

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WORLD STOCK MARKETS

OVER-THE-COUNTER Nasdaq national market, Closing prices, August 17

Table of over-the-counter stock prices including columns for stock name, bid, ask, and price. Includes sub-sections for C-C, D-D, and M-M.

Continued on Page 15

AMERICAN STOCK EXCHANGE CLOSING PRICES

Table of American Stock Exchange closing prices with columns for 12-month high/low, stock name, and price.

CANADA

Table of Canadian stock prices including Toronto and Montreal sections.

AUSTRIA

Table of Austrian stock prices.

NETHERLANDS

Table of Dutch stock prices.

HONG KONG

Table of Hong Kong stock prices.

FINANCIAL TIMES

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CONSTRUCTION CONTRACTS

£10m of work for R. M. Douglas

A STRING of contracts across the country totalling £10m has been awarded to R. M. DOUGLAS CONSTRUCTION.

The £1.25m contract list in the South is headed by a £500,000 junction layout alteration of the A412 Rickmanworth Road at Wippenwell and Ascot roads, Watford, including two roundabouts, roads and footpaths for the Standard Life Assurance Company, being part of its Cruxley development.

At Highgate, London, Douglas is engaged in an advanced preparation contract worth £300,000 where 24 luxury homes will eventually be constructed.

The East Midlands region has received £2.5m of work, of which Jaguar Cars has contracted over £1.2m for two projects at its Coventry works.

The first, worth about £900,000 for the re-roofing of No. 1 shop, entails the complete re-roofing and installation of a fire ventilation system to Bays 1-7; high-level internal redecoration to Bays 8-51; smoke screens to the whole of Shop No 1 (Bays 1-51); and external weatherproofing associated with the re-roofing. At the same time Douglas is building a two-storey laboratory and open-plan offices complex worth £800,000.

HIGGS AND HILL has received orders worth £6.8m. The Midlands region has won a £4.5m contract for the second phase of the George Eliot Hospital, at Heath End Road, Nuneaton. The contract, due for completion in late-1988 includes the construction of a two-storey hospital including a single-storey link, and the installation of new drainage to the new and existing hospitals.

It will provide accommodation for an X-ray department, a medical records department, adult acute ward, a pathology department, circulation space and plant room covering 4,557 sq metres.

The COSTAIN GROUP has won contracts worth around £5.8m. Nesco-Costain Process Company, the Saudi Arabian operating company of the UK's Costain Process has been awarded the construction of a 50,000 tonnes per year capacity lube oil blending plant in Jeddah by the local joint venture company Saudi Arabian Markets and Shell Lubricants Co (SASLUBCO). The contract is valued at around £3.5m and is due for completion in June 1985.

Costain Construction, Rickmansworth, has won a £1.4m contract to build a regional secure unit at Ealing Hospital in Southall, Middlesex, for the North West Thames Regional Health Authority.

The building will have partly one and partly two storey and will have a floor area of around 1,950 sq metres. Work includes design and construction of timber roof trusses together with external works. The 87-week contract is due for completion in early 1988.

The BRAZIER GROUP of Southampton has been awarded contracts worth over £4m. They include offices and production area for Hunterprint in Eastleigh worth £500,000, a £800,000 regional office in Southampton for the Ancient Order of Foresters and a £200,000 DIY centre in Bournemouth for B&Q.

The group has also secured a £1.5m contract to convert Stoneham Rectory near Southampton into offices for Conder Midlands.

The SHAND GROUP, Matlock, has won a £3.8m contract as part of the refurbishment and conversion of Gibraltar's naval dockyard for commercial operations. For Gibraltar Ship Repairs, completion of

the No. 1 dock area contract is expected by April 1985, when the dockyard will commence full commercial operations.

Work will include demolition of buildings and dock and wharfside cranes. At No. 1 dock, the wall and floors will be subject to major alterations. Shand will construct keel and bilge blocks for all three docks, replace existing dockyard trackwork and construct foundations and trackwork on the main wharf and south mole.

New bollard and fender points will be constructed on the south mole; the gun wharf and slipway areas will be refurbished. During the contract which Shand hopes to complete ahead of schedule over 15,000 cu metres of concrete and more than 500 tonnes of reinforcing bar will be used.

A £1.3m contract to renovate offices and to build an extension to Leslie House, Poole, Dorset, has been awarded to TAYLOR WOODROW CONSTRUCTION.

The order has been placed by Taylor Woodrow Property Co and work is due for completion in August 1985. The project involves conversion of 1,740 sq metres of en-

Bryant construction Quality construction and refurbishment

closed offices on the upper floors of Leslie House into open plan space. An extension of 880 sq metres will provide ground floor parking and four floors of offices. SINDALL CONSTRUCTION has started work on the following: Great Surrey House, Blackfriars Road, SE1, for William Sindall (Blackfriars Development) for completion in August 1985 (value £1.7m); extension to Northminster House, Peterborough, for the House of Orange Developments, Harrogate for completion in April 1985 (value £215,000). EDWARD NUTTALL has been awarded the next stage of the Eastern Dock freight compound extension by Dover Harbour Board with a £1.5m paving contract. As its retaining wall contract nears completion Nuttall is preparing to start work on the concrete block paving of 423 hectares of reclamation and the installation of associated services.

LANDSVIRKJUN THE NATIONAL POWER COMPANY ICELAND ¥5,000,000,000 FIXED RATE LOAN THE MITSUI TRUST AND BANKING COMPANY, LIMITED THE INDUSTRIAL BANK OF JAPAN, LIMITED THE LONG-TERM CREDIT BANK OF JAPAN, LIMITED MANUFACTURERS HANOVER TRUST COMPANY, TOKYO BRANCH THE MITSUBISHI TRUST AND BANKING CORPORATION THE NIPPON CREDIT BANK, LTD. NIPPON LIFE INSURANCE COMPANY

OVER-THE-COUNTER

Table with columns: Stock, Sales (thous), High, Low, Last, Chng. Lists various stocks like Philips, Shell, BP, etc.

Table with columns: Stock, Sales (thous), High, Low, Last, Chng. Lists various stocks like British, Shell, BP, etc.

Table with columns: NEW YORK, DOW JONES, 1984, Since Compl'n. Lists market indices and performance.

TRANS-NATAL COAL CORPORATION LIMITED (Incorporated in the Republic of South Africa) Rights offer of 9,187,470 12.7% unsecured subordinated compulsorily convertible debentures of 850 cents each at par to members registered at the close of business on 17 August 1984 in the ratio of 15 "rights" for every 100 shares held.

Table with columns: TORONTO, MONTREAL Portfolio, NEW YORK ACTIVE STOCKS. Lists regional and active stock market data.

1918 "Taisho Marine" 1984 Message from President Takuro Ishikawa. In the year under review witnessed signs of recovery in the Japanese economy which were, in the main, caused by an increase in exports, helped by the upsurge in the economy of our largest trading partner, the United States. However, the domestic scene is still suffering from the too slow growth in the private sector's consumption rate. In these circumstances we managed to achieve the results shown below by directing our efforts to the expansion of sales and by the relentless pursuit of even greater efficiency. This year saw also the completion of our new Head Office building in which we are now housed. These new surroundings will, we are sure, strengthen our ability and resolve to achieve the further development of our company in the years ahead. We are, as ever, grateful for your kind support which assisted us so greatly in the achievement of these results. The Japanese economy is presently showing a slight recovery attributable to the upward turn of the economy in the United States and other leading countries of the world, but it is still in a difficult situation because of the deficits of Japanese government revenue and trade issues. Already under intense review is the probable liberalization and deregulation of the financial markets, and when this materializes we also will greater competition enter the field. Our company looks to this future with every confidence. We are ready to take all possible measures to meet the challenge by developing new types of coverage, by exploring every possibility of the expansion of our sales and service networks. We recognize that it is our role in our society, and our duty to satisfy the demands of the insuring public. This is true both in Japan and overseas. In many parts of the world, we are striving to provide the services required of us and also to expand our underwriting network in response to the wishes of our clients. We would take the occasion to solicit your continued support and cooperation. Business in General In the fiscal year ended 31st March, 1984, the Japanese economy made a gradual advance due to the increase in exports and private capital investments and the successful adjustment of inventory levels despite no great advancement in consumer spending and housing construction. In this economic environment, we directed positive efforts to improve the structure of our insurance lines, to meet the needs of our customers, and to expand our sales and service network by establishing new branches and sub-branch offices. All these efforts, together with our measures toward effective management such as rationalization of clerical work and cost saving resulted in the Company's performance for the period under review as follows: Net premiums written for the year amounted to US\$1,317,413 thousand, a 4.6% increase over the amount for the previous year. Total assets at the year-end were US\$5,607,848 thousand, an increase of US\$1,035,192 thousand over the balance at the prior year-end. The net income for the year was US\$59,933 thousand. BALANCE SHEET (as of 31st March, 1984) Assets (Dollars in thousands) 1984 1983 Investments 54,365,879 3,473,763 Cash and cash items 164,563 147,321 Net premiums receivable and agents' balances 189,071 180,790 Property and equipment, net of depreciation 384,772 293,424 Deferred policy acquisition costs 199,816 188,094 Other assets 303,947 289,262 Total 55,607,848 4,572,656 Liabilities and Stockholders' Equity (Dollars in thousands) 1984 1983 Losses and claims 553,478 485,147 Unearned premiums 777,286 685,246 Investment deposits by policyholders 884,616 642,990 Accrued income taxes 1,137,754 834,754 Other liabilities 370,062 313,576 Stockholders' equity 1,951,652 1,610,937 Total 55,607,848 4,572,656

AUTHORISED UNIT TRUSTS

Table of authorised unit trusts including sections for British Group-Continued, Abbey Unit Tr. Mgrs., 30 City Home, Allied Unit Tr. Mgrs., and various other trust managers.

FT UNIT TRUST INFORMATION SERVICE

Main table of FT Unit Trust Information Service listing various unit trusts, their managers, and performance data.

Table of Financial Times Unit Trusts listing various unit trusts, their managers, and performance data.

F.T. CROSSWORD PUZZLE No. 5,496

- ACROSS
1 Typical agent (14)
10 Scotsman accepts bill for burghundy (3)
11 The type of occupation to make one 12 (9)
12 Loaded with work by rubber tree—not disheartened (7)
13 Choose artist for Orestes' sister (7)
14 S isle without one right antelope (5)
16 Enticed devil, eg. in manoeuvre (9)
19 Predominant before str! goes to kind of specialist (8)
20 Heraldic lines drawn by soldier boy (5)
22 Tip with cash perhaps to get lamellar (7)
25 Is he with cow trained for this performance? (3-4)
27 ... or is a lamb cooked delicious? (8)
28 A pundit tomorrow is inwardly the same (5)
29 Congreve's elderly misogynist (3, 8, 8)
DOWN
2 To inspire points to bravery (8)
3 Have a wash by river in Home Counties (5)
4 Gate in French resort has recess (5)
5 Home by hill dweller walking

Crossword puzzle grid with numbers 1 through 29 indicating starting positions for the clues.

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

INSURANCES
AA Priority Society
Abnity Life Assurance Co. Ltd.
Alliance Assurance Co. Ltd.
Alliance Assurance Co. Ltd.
Alliance Assurance Co. Ltd.

INSURANCES (continued)
Alliance Assurance Co. Ltd.
Alliance Assurance Co. Ltd.
Alliance Assurance Co. Ltd.
Alliance Assurance Co. Ltd.

INSURANCES (continued)
Alliance Assurance Co. Ltd.
Alliance Assurance Co. Ltd.
Alliance Assurance Co. Ltd.
Alliance Assurance Co. Ltd.

Handwritten signature or mark at the bottom of the page.

INSURANCE, OVERSEAS & MONEY FUNDS

Table of insurance and life assurance companies, including Liberty Life Assurance Co Ltd, National Provident Institution, and various international life assurance firms.

Table of overseas insurance and investment funds, including Sava & Prager Group, Target Life Assurance Co Ltd, and various international investment funds.

Table of money funds and investment services, including GAI Investments (UK) Ltd, Brixley Henderson Mgmt Ltd, and various international investment funds.

Table of money market and bank accounts, including Money Market Trust Funds, Money Market Bank Accounts, and various international bank services.

OFFSHORE AND OVERSEAS

Table of offshore and overseas investment funds, including Artibonds Investment Fund SA, Fidelity International, and various international investment funds.

Table of money market and bank accounts, including Money Market Trust Funds, Money Market Bank Accounts, and various international bank services.

NOTES: A section at the bottom of the page providing additional information and disclaimers regarding the data presented.



MINES - Continued

Table of mine stocks including Central African, Australians, and various international mining companies with columns for stock price, last price, and volume.

Tins

Table of tin stocks including various international tin mining companies.

Miscellaneous

Table of miscellaneous stocks including various international companies.

NOTES

Unless otherwise indicated, prices and dividends are in pence and are based on the latest available information.

PLANTATIONS

Table of plantation stocks including various international plantation companies.

TEAS

Table of tea stocks including various international tea companies.

MINES

Central African

Table of Central African mine stocks.

Eastern Rand

Table of Eastern Rand mine stocks.

Far West Rand

Table of Far West Rand mine stocks.

O.F.S.

Table of O.F.S. mine stocks.

OIL AND GAS - Continued

Table of oil and gas stocks including various international energy companies.

OVERSEAS TRADERS

Table of overseas trader stocks including various international trading companies.

FINANCE, LAND

Table of finance and land stocks including various international financial institutions.

INVESTMENT TRUSTS - Cont.

Table of investment trusts including various international investment funds.

PROPERTY - Continued

Table of property stocks including various international real estate companies.

INSURANCES

Table of insurance stocks including various international insurance companies.

PROPERTY - Continued

Table of property stocks including various international real estate companies.

SHIPPING

Table of shipping stocks including various international shipping companies.

SHOES AND LEATHER

Table of shoes and leather stocks including various international footwear companies.

SOUTH AFRICANS

Table of South African stocks including various international companies from South Africa.

TEXTILES

Table of textile stocks including various international textile companies.

TOBACCO

Table of tobacco stocks including various international tobacco companies.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including various international financial institutions.

PROPERTY

Table of property stocks including various international real estate companies.

LEISURE

Table of leisure stocks including various international leisure and entertainment companies.

INDUSTRIALS - Continued

Table of industrial stocks including various international manufacturing companies.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including various international automotive and aerospace companies.

Commercial Vehicles

Table of commercial vehicle stocks including various international commercial vehicle companies.

Components

Table of component stocks including various international component manufacturers.

Garages and Distributors

Table of garage and distributor stocks including various international automotive service companies.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including various international media companies.

PAPER, PRINTING

Table of paper and printing stocks including various international paper and printing companies.

LEISURE

Table of leisure stocks including various international leisure and entertainment companies.

CURRENCIES; MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Economic slowdown hits dollar

BY COLIN MILLHAM

There was some sign of the foreign exchange market beginning to settle down last week after a confused period. The general trend in statistics did little to argue with the growing conviction that the rate of U.S. economic growth is slowing down. This tended to improve confidence in the credit markets and depress the dollar.

As the week began a level above DM 2.93 still looked possible for the dollar, but it soon became clear the currency could not even hold the DM 2.90 level, and despite the occasional rally was gradually adding lower.

The resolution passed by the U.S. Senate aimed at preventing the sale of U.S. Government paper in bearer form to foreigners

tended to support the dollar on fears that it may cause higher interest rates.

News later in the week that the U.S. Treasury intends to issue specially registered Government securities for sale to foreigners had a slightly confusing impact however. Sales of U.S. Government debt to foreigners should help to stem any move towards higher interest rates, but is also likely to generate increased demand for the dollar, and the net result tended to underpin the currency.

This was not enough to prevent the dollar from losing ground, while the foreign exchange changes chose to ignore a surprisingly high rise of \$5.2bn in weekly U.S. M1 money supply. Both M2 and M3 remained well

within the Federal Reserve's target range.

On Tuesday the U.S. unit fell sharply following a fall of 0.9 per cent in July retail sales, against market expectations of an increase in the region of 0.5 per cent, and this set the tone for the rest of the week.

A rise of 0.9 per cent in July industrial production was towards the top of expectations, but failed to generate any strong support for the dollar, while the Federal Reserve to drain reserves from the banking system on Tuesday and Wednesday was regarded as

technical, and not a sign of tighter monetary policy.

A fall in housing starts announced Thursday helped to convince traders the pace of U.S. economic growth is slowing. There was a slight rally on Friday, but even this was tempered by renewed fears about liquidity problems among U.S. banks, and the week finished with the market still looking for a lower dollar.

£ in New York

Spot	\$1.2225-2235	\$1.2240-2250
1 month	1.10-1.15	1.10-1.15
3 months	1.05-1.10	1.05-1.10
6 months	1.00-1.05	1.00-1.05
12 months	0.95-1.00	0.95-1.00

Forward premiums and discounts apply to the U.S. dollar.

FORWARD RATES AGAINST STERLING

Dollar	Spot	1 month	3 months	6 months	12 months
U.S.	1.2225	1.2225	1.2225	1.2225	1.2225
U.K.	1.2225	1.2225	1.2225	1.2225	1.2225
France	1.2225	1.2225	1.2225	1.2225	1.2225
Germany	1.2225	1.2225	1.2225	1.2225	1.2225
Japan	1.2225	1.2225	1.2225	1.2225	1.2225
Switzerland	1.2225	1.2225	1.2225	1.2225	1.2225
Italy	1.2225	1.2225	1.2225	1.2225	1.2225
Spain	1.2225	1.2225	1.2225	1.2225	1.2225
Belgium	1.2225	1.2225	1.2225	1.2225	1.2225
Netherlands	1.2225	1.2225	1.2225	1.2225	1.2225
Denmark	1.2225	1.2225	1.2225	1.2225	1.2225
Sweden	1.2225	1.2225	1.2225	1.2225	1.2225
Norway	1.2225	1.2225	1.2225	1.2225	1.2225
Australia	1.2225	1.2225	1.2225	1.2225	1.2225
New Zealand	1.2225	1.2225	1.2225	1.2225	1.2225
South Africa	1.2225	1.2225	1.2225	1.2225	1.2225
India	1.2225	1.2225	1.2225	1.2225	1.2225
Indonesia	1.2225	1.2225	1.2225	1.2225	1.2225
Malaysia	1.2225	1.2225	1.2225	1.2225	1.2225
Singapore	1.2225	1.2225	1.2225	1.2225	1.2225
Thailand	1.2225	1.2225	1.2225	1.2225	1.2225
Philippines	1.2225	1.2225	1.2225	1.2225	1.2225
South Korea	1.2225	1.2225	1.2225	1.2225	1.2225
Hong Kong	1.2225	1.2225	1.2225	1.2225	1.2225
Taiwan	1.2225	1.2225	1.2225	1.2225	1.2225
China	1.2225	1.2225	1.2225	1.2225	1.2225
Japan	1.2225	1.2225	1.2225	1.2225	1.2225
India	1.2225	1.2225	1.2225	1.2225	1.2225
Indonesia	1.2225	1.2225	1.2225	1.2225	1.2225
Malaysia	1.2225	1.2225	1.2225	1.2225	1.2225
Singapore	1.2225	1.2225	1.2225	1.2225	1.2225
Thailand	1.2225	1.2225	1.2225	1.2225	1.2225
Philippines	1.2225	1.2225	1.2225	1.2225	1.2225
South Korea	1.2225	1.2225	1.2225	1.2225	1.2225
Hong Kong	1.2225	1.2225	1.2225	1.2225	1.2225
Taiwan	1.2225	1.2225	1.2225	1.2225	1.2225
China	1.2225	1.2225	1.2225	1.2225	1.2225

THE POUND SPOT AND FORWARD

Aug 17	Day's spread	Close	One month	% Three months	% p.a.
U.S.	1.2225-2230	1.2225-2230	1.10-1.15	-1.08	0.45-0.51
Canada	1.2225-2230	1.2225-2230	1.10-1.15	-1.08	0.45-0.51
Netherlands	1.2225-2230	1.2225-2230	1.10-1.15	-1.08	0.45-0.51
Belgium	1.2225-2230	1.2225-2230	1.10-1.15	-1.08	0.45-0.51
Germany	1.2225-2230	1.2225-2230	1.10-1.15	-1.08	0.45-0.51
France	1.2225-2230	1.2225-2230	1.10-1.15	-1.08	0.45-0.51
Japan	1.2225-2230	1.2225-2230	1.10-1.15	-1.08	0.45-0.51
Switzerland	1.2225-2230	1.2225-2230	1.10-1.15	-1.08	0.45-0.51
Italy	1.2225-2230	1.2225-2230	1.10-1.15	-1.08	0.45-0.51
Spain	1.2225-2230	1.2225-2230	1.10-1.15	-1.08	0.45-0.51
Denmark	1.2225-2230	1.2225-2230	1.10-1.15	-1.08	0.45-0.51
Norway	1.2225-2230	1.2225-2230	1.10-1.15	-1.08	0.45-0.51
Sweden	1.2225-2230	1.2225-2230	1.10-1.15	-1.08	0.45-0.51
Australia	1.2225-2230	1.2225-2230	1.10-1.15	-1.08	0.45-0.51
New Zealand	1.2225-2230	1.2225-2230	1.10-1.15	-1.08	0.45-0.51
South Africa	1.2225-2230	1.2225-2230	1.10-1.15	-1.08	0.45-0.51
India	1.2225-2230	1.2225-2230	1.10-1.15	-1.08	0.45-0.51
Indonesia	1.2225-2230	1.2225-2230	1.10-1.15	-1.08	0.45-0.51
Malaysia	1.2225-2230	1.2225-2230	1.10-1.15	-1.08	0.45-0.51
Singapore	1.2225-2230	1.2225-2230	1.10-1.15	-1.08	0.45-0.51
Thailand	1.2225-2230	1.2225-2230	1.10-1.15	-1.08	0.45-0.51
Philippines	1.2225-2230	1.2225-2230	1.10-1.15	-1.08	0.45-0.51
South Korea	1.2225-2230	1.2225-2230	1.10-1.15	-1.08	0.45-0.51
Hong Kong	1.2225-2230	1.2225-2230	1.10-1.15	-1.08	0.45-0.51
Taiwan	1.2225-2230	1.2225-2230	1.10-1.15	-1.08	0.45-0.51
China	1.2225-2230	1.2225-2230	1.10-1.15	-1.08	0.45-0.51

OTHER CURRENCIES

Aug 17	£	DM	DM/£	Note Rates
Argentina Peso	90.47-90.63	60.49-60.55	66.40-66.70	28.40-28.70
Australia Dollar	1.5485-1.5510	1.1715-1.1725	76.70-77.50	76.70-77.50
Brazil Cruzeiro	5.9500-5.9575	9.933-9.938	13.72-13.86	13.72-13.86
Canadian Dollar	1.2490-1.2510	6.5200-6.5210	5.21-5.22	5.21-5.22
French Franc	161.70-162.10	114.85-114.85	3.78-3.79	3.78-3.79
Hong Kong Dollar	10.25-10.27	7.8500-7.8510	7.65-7.66	7.65-7.66
Indian Rupee	15.00-15.00	310.50-310.50	20.67-20.67	20.67-20.67
Iran Rial	10.00-10.00	10.00-10.00	10.00-10.00	10.00-10.00
Israeli Sheqel	3.9800-3.9899	0.2944-0.2948	4.24-4.25	4.24-4.25
Japanese Yen	160.00-160.00	1.0000-1.0000	160.00-160.00	160.00-160.00
Malaysian Dollar	3.0780-3.0850	5.2375-5.2380	17.04-17.04	17.04-17.04
New Zealand Dollar	1.6400-1.6410	1.2500-1.2510	10.00-10.00	10.00-10.00
Saudi Arab Riyal	4.6645-4.6700	3.2500-3.2510	10.00-10.00	10.00-10.00
South African Rand	2.8290-2.8360	3.1395-3.1410	5.13-5.13	5.13-5.13
Swedish Krona	13.10-13.10	1.0000-1.0000	13.10-13.10	13.10-13.10
U.A.E. Dirham	4.8525-4.8580	5.6725-5.6740	11.77-11.77	11.77-11.77

EMS EUROPEAN CURRENCY UNIT RATES

Aug 17	£	DM	DM/£	% change	% change	Divergence
Belgian Franc	4.3600	4.3600	4.3600	+0.07	+0.07	-21.5625
Dutch Guilder	2.2036	2.2036	2.2036	+0.04	+0.04	-1.6425
German D-Mark	2.2036	2.2036	2.2036	-0.18	-0.18	-1.0425
French Franc	6.5595	6.5595	6.5595	+0.08	+0.08	-21.4025
Italian Lira	1.936	1.936	1.936	-0.17	-0.17	-1.4950
Irish Punt	0.7889	0.7889	0.7889	-0.08	-0.08	-1.6889
Spanish Peseta	166.64	166.64	166.64	+0.00	+0.00	-24.1900

EXCHANGE CROSS RATES

Aug 17	£	DM	DM/£	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.0000	1.2225	1.2225	160.00	6.5595	2.0036	3.3333	1.9360	1.2500	4.3600
U.S. Dollar	0.756	0.92	0.92	108.00	4.915	1.493	2.195	1.403	0.75	3.49
Deutsche Mark	0.824	1.00	1.00	136.93	6.288	2.0036	3.3333	1.9360	1.2500	4.3600
Japanese Yen	160.00	108.00	108.00	1.00	6.5595	2.0036	3.3333	1.9360	1.2500	4.3600
French Franc	6.5595	4.915	4.915	6.5595	1.00	0.5003	1.6667	1.9360	1.2500	4.3600
Swiss Franc	2.0036	1.493	1.493	2.0036	0.5003	1.00	1.6667	1.9360	1.2500	4.3600
Dutch Guilder	3.3333	2.195	2.195	3.3333	1.6667	1.6667	1.00	1.9360	1.2500	4.3600
Italian Lira	1.9360	1.403	1.403	1.9360	1.9360	1.9360	1.9360	1.00	1.2500	4.3600
Canada Dollar	1.2500	0.75	0.75	1.2500	1.2500	1.2500	1.2500	1.2500	1.00	4.3600
Belgian Franc	4.3600	3.49	3.49	4.3600	4.3600	4.3600	4.3600	4.3600	4.3600	1.00

EURO-CURRENCY INTEREST RATES (Market closing rates)

Aug 17	Starting	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-Mark	French Franc	Italian Lira	Belgian Franc	Yen	Danish Krone
Short term	10 1/4-11 1/4	11 1/4-12 1/4	12 1/4-13 1/4	8 1/2-9 1/2	10 1/4-11 1/4	11 1/4-12 1/4	12 1/4-13 1/4	11 1/4-12 1/4	11 1/4-12 1/4	6 1/2-7 1/2	10 1/4-11 1/4
7 days' notice	10 1/4-11 1/4	11 1/4-12 1/4	12 1/4-13 1/4	8 1/2-9 1/2	10 1/4-11 1/4	11 1/4-12 1/4	12 1/4-13 1/4	11 1/4-12 1/4	11 1/4-12 1/4	6 1/2-7 1/2	10 1/4-11 1/4
1 month	10 1/4-11 1/4	11 1/4-12 1/4	12 1/4-13 1/4	8 1/2-9 1/2	10 1/4-11 1/4	11 1/4-12 1/4	12 1/4-13 1/4	11 1/4-12 1/4	11 1/4-12 1/4	6 1/2-7 1/2	10 1/4-11 1/4
3 months	10 1/4-11 1/4	11 1/4-12 1/4	12 1/4-13 1/4	8 1/2-9 1/2	10 1/4-11 1/4	11 1/4-12 1/4	12 1/4-13 1/4	11 1/4-12 1/4	11 1/4-12 1/4	6 1/2-7 1/2	10 1/4-11 1/4
6 months	10 1/4-11 1/4	11 1/4-12 1/4	12 1/4-13 1/4	8 1/2-9 1/2	10 1/4-11 1/4	11 1/4-12 1/4	12 1/4-13 1/4	11 1/4-12 1/4	11 1/4-12 1/4	6 1/2-7 1/2	10 1/4-11 1/4
12 months	10 1/4-11 1/4	11 1/4-12 1/4	12 1/4-13 1/4	8 1/2-9 1/2	10 1/4-11 1/4	11 1/4-12 1/4	12 1/4-13 1/4	11 1/4-12 1/4	11 1/4-12 1/4	6 1/2-7 1/2	10 1/4-11 1/4
One year	10 1/4-11 1/4	11 1/4-12 1/4	12 1/4-13 1/4	8 1/2-9 1/2	10 1/4-11 1/4	11 1/4-12 1/4	12 1/4-13 1/4	11 1/4-12 1/4	11 1/4-12 1/4	6 1/2-7 1/2	10 1/4-11 1/4

MONEY MARKETS

Still the centre of attention

Interest rates continue to fall on the London money market last week and by the middle of the week were nearly identical to clearing bank base rates of 10 1/2 per cent.

At one time the market appeared to be looking for a cut of 1 per cent to 10 per cent in base rates, but intervention by the Bank of England tended to dampen enthusiasm and slowed the pace of the interest rate decline.

Discount houses were obviously reluctant to sell high yielding paper outright to the Bank of England in anticipation of lower interest rates, and apart from Friday when National Westminster Bank led the move to 10 1/2 per cent base rates preferred to part with their bills only temporarily.

Almost all bills were purchased for resale to the market at future dates, at a general rate of 11 per cent, but on Friday most bills were again bought outright as the market paused to consider the next move.

Sterling long growth against Continental currencies on the prospect of lower London interest rates, but the continued mood of confidence in the market was boosted by the pound's strength

against a weaker dollar. Despite the further reduction in base rates from 12 per cent at the beginning of the month sterling trade-weighted index was unchanged from the figure of 78.5 recorded on the last day of July, and was also unchanged last of two years.

Some large shortages gave the Bank of England plenty of opportunity to dictate its wishes at an early point on several days last week. Early assistance was provided on every day except Thursday, which by coincidence was the first day that authorities cut dealing rates.

The weakening dollar continues to give hope of another reduction to 10 per cent in base rates, and this should keep the

money market the centre of attention for the next week or so.

Thereafter dealers will be looking at another set of UK money supply figures, and try to balance the domestic monetary scene against international trends, and sterling's performance against other major currencies.

MONEY RATES

Aug 17	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.35-5.45	12 1/2	11 1/2	6-6 1/2	6.09375	10 1/4-10 1/2	6.50	12 1/2-12 1/2
One month	5.75-6.00	11 1/2-11 1/2	4 1/2-4 1/2	6-6 1/2	6.09375	10 1/4-10 1/2	6.50	12 1/2-12 1/2
Three months	5.95-6.00	11 1/2-11 1/2	4 1/2-4 1/2	6-6 1/2	6.09375	10 1/4-10 1/2	6.50	12 1/2-12 1/2
Two years	5.5	11 1/2	4 1/2	6 1/2	6.09375	10 1/4-10 1/2	6.50	12 1/2-12 1/2
Intervention	11 1/2	11 1/2	4 1/2	6 1/2	6.09375	10 1/4-10 1/2	6.50	12 1/2-12 1/2

LONDON MONEY RATES

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